Pombo
Porter
Portman
Pryce (OH)
Quillen
Quinn
Ramstad
Ravenel
Regula
Ridge
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Santorum
Sarpalius
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Talent
Taylor (NC)
Thomas (CA)
Thomas (WY)
Torkildsen
Upton
Vucanovich
Walker
Walsh
Weldon
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—2

Brown (CA)
Henry

☐ 1526

Mr. SMITH of Michigan and Mr. HOKE changed their vote from "yea" to "nay."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. McNULTY). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. DERRICK. Mr. Speaker, I demanded a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 236, noes 194, not voting 2 as follows:

[Roll No. 196]

AYES—236

Abercrombie
Ackerman
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Applegate
Bacchus (FL)
Baesler
Barlow
Barrett (WI)
Becerra
Beilenson
Berman
Bevill
Bilbray
Bishop
Blackwell
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Byrne
Cardin
Carr
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Coppersmith
Costello
Coyne
Cramer
Danner
Darden
de la Garza
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Dicks
Dingell
Dixon
Dooley
Durbin
Edwards (CA)
Edwards (TX)
Engel
English (AZ)
Eshoo
Evans
Fazio
Fields (LA)
Filner
Fingerhut
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Glickman
Gonzalez
Gordon
Green
Gutierrez
Hall (OH)
Hamburg
Harman
Hastings
Hefner
Hilliard
Hinchey
Hoagland
Hochbrueckner
Hoyer
Hutto
Inslee
Jefferson
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kleczka
Klein
Klink
Kopetski
Kreidler
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Levin
Lewis (GA)
Lipinski
Long
Lowey
Maloney
Mann
Manton
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCloskey
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murphy
Murtha
Nadler
Natcher
Neal (MA)
Neal (NC)
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Pickett
Pickle
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reed
Reynolds
Richardson
Roemer
Rose
Rostenkowski
Rowland
Roybal-Allard
Rush
Sabo
Sanders
Sangmeister
Sawyer
Schenk
Schroeder
Schumer
Scott
Serrano
Sharp
Shepherd
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (IA)
Spratt
Stark
Stenholm
Stokes
Strickland
Studds
Stupak
Swett
Swift
Synar
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Tucker
Unsoeld
Valentine
Velazquez
Vento
Visclosky
Volkmer
Washington
Waters
Watt
Waxman
Wheat
Whitten
Williams
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOES—194

Allard
Archer
Armey
Bachus (AL)
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barrett (NE)
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cantwell
Castle
Clinger
Coble
Collins (GA)
Combest
Cooper
Cox
Crane
Crapo
Cunningham
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Emerson
English (OK)
Everett
Ewing
Fawell
Fields (TX)
Fish
Fowler
Franks (CT)
Franks (NJ)
Gallegly
Gallo
Gekas
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Grams
Grandy
Greenwood
Gunderson
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hefley
Herger
Hobson
Hoekstra
Hoke
Holden
Horn
Houghton
Huffington
Hughes
Hunter
Hutchinson
Hyde
Inglis
Inhofe
Istook
Jacobs
Johnson (CT)
Johnson, Sam
Kasich
Kim
King
Kingston
Klug
Knollenberg
Kolbe
Kyl
Lambert
Lazio
Leach
Lehman
Levy
Lewis (CA)
Lewis (FL)
Lightfoot
Linder
Livingston
Lloyd
Machtley
Manzullo
McCandless
McCollum
McCrery
McCurdy
McDade
McHale
McHugh
McInnis
McKeon
McMillan
Meyers
Mica
Michel
Miller (FL)
Molinari
Moorhead
Morella
Myers
Nussle
Oxley
Packard
Parker
Paxon
Peterson (MN)
Petri
Pombo
Porter
Portman
Pryce (OH)
Quillen
Quinn
Ramstad
Ravenel
Regula
Ridge
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Santorum
Sarpalius
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Talent
Tauzin
Taylor (NC)
Thomas (CA)
Thomas (WY)
Torkildsen
Upton
Vucanovich
Walker
Walsh
Weldon
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—2

Hayes
Henry

☐ 1542

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. McNULTY). Pursuant to House Resolution 186 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2264.

☐ 1543

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2264) to provide for reconciliation pursuant to section 7 of the concurrent resolution on the budget for fiscal year 1994 with Mr. MURTHA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Minnesota [Mr. SABO] will be recognized for 1 hour, and the gentleman from Ohio [Mr. KASICH] will be recognized for 1 hour.

The Chair recognizes the gentleman from Minnesota [Mr. SABO].

Mr. SABO. Mr. Chairman, November 1992, a new President was elected, a new House was elected. We were elected for a very fundamental purpose, to get our economy back on track, and we are here today to continue that process.

That process began when we passed the budget resolution, which set spending targets for discretionary spending at levels below those of 1993 for the next 5 years.

We continue that process today with the reconciliation bill which concludes a process of passing in the House the President's economic program, a program of $500 billion of deficit reduction, of reordering priorities in this country and making sure we lay the foundation for getting our economy moving again.

Let me be clear: The package we have today is a $500 billion deficit reduction package over the next 5 years. Over one-half of the cuts come from cuts in spending, half from revenues; 70 percent of the revenues coming from people—those revenues coming primarily from the most affluent in our society; 66 percent from those people making incomes over $200,000 a year, over 70 percent from those making over $100,000 a year.

At the same time as we have significant deficit reduction, this program also deals with the people who are working-poor in this country to make sure that a family working full-time has income above the poverty level.

As we deal with this package and as we come to this conclusion today, there are some who say do this a little differently, do something here a little differently, and, "I might vote 'yes'."

Well, my friends in the House, that is what we call gridlock, endless debate, endless quibbling.

We are faced today with a fundamental alternative that will change the basic course of this country, and this is by far the best package that this Congress can consider.

Let me say to my friends on the Republican side, I do not expect your votes; you are in the minority. Even when you had your own President, you rarely voted for a President's budget.

So, my friends on the Democratic side, it is our responsibility to produce the 218 votes. We need to do it because it is a vote fundamentally for the future of our country. It is a vote for the largest deficit reduction package this Congress has ever seen. It is a vote to end gridlock. It is a vote to do the things the people sent us to do here, to reduce the deficit, cut spending, reorder our priorities for the investment in the future and in human resources for our people.

It is time to get our economy back on track. My fellow Democrats, we have that responsibility today. It is that simple; we simply need to vote "yes."

□ 1550

Mr. KASICH. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, this is a very, very sad saga today, starting all the way back when President Clinton came to Capitol Hill and made his State of the Union speech and said, "If you don't like my program, please give me your specifics."

We just listened to the distinguished chairman of the Budget Committee, who the Tax Foundation argues there will be 732 jobs killed in his district. In my district it will be 1,239 jobs that will be lost as a result of the tax and spend program of the administration.

President Clinton came here and he said, "If you don't like my taxes, if you don't like my tax and spend policy, give me your specific recommendations to reduce spending."

And of course, we developed them. We went to the Budget Committee and we said to the Budget Committee, "We want to cut spending first and reduce the job-killing taxes, the job-killing bureaucrats who will create regulation, that will further slow down this economy."

We went to the Budget Committee and we offered a substitute that was more specific than your substitute. We said that we wanted to cut spending first. We offered a full substitute. You rejected it on party line votes.

Then we came through 10 hours' worth of amendments, where we tried to substitute specific spending cuts in exchange for the job-killing tax increases that you have in your bill, and you defeated us hour after hour on a party-line vote. We were the subject of gridlock, and the American people are going to be subject to unemployment because of this tax and spend policy that the President and the majority is inflicting on us today.

Then we go to reconciliation and we are told, "Develop $345 billion in cuts if you want to offset our tax increases."

By the way, their tax and spending cuts, $4 in taxes to every dollar in spending cuts.

Then we go into reconciliation, into the markup yesterday morning and the Rules Committee. We go in with $352 billion in deficit reduction with no tax increases, and you folks have to meet at 2 o'clock in the morning behind closed doors to figure out how to change the rules after we beat you then also.

You see, every time you set a standard, we meet it. Every time you say tax and spend, we have to tax and spend, and we give you specific spending cuts that shrinks the size of government and reforms the bureaucracy in the United States, every time we give you the specifics to meet the goal you set, you change the rules.

And do you want to know why? Because you cannot resist anything but tax and spend.

You put the record on. We are getting tired of it. It is just tax and spend, tax and spend, tax and spend. We want to take the record off. We want to give you these specific cuts, and all you want to do is gridlock the Republicans.

And why do we want to shrink the Government? Why do we want to cut the spending? Why do we want to eliminate the taxes? Because your economic program is a job killer. Your tax increases on the energy in this country will affect people from the automobile to the schoolhouse to the grocery shelves.

Your energy tax is going to put people out of work.

Your Social Security tax is abominable when you promised people a tax cut. You turn around after the election, not even 6 months after the election and you raise their taxes.

Well, do you know what the Republicans want to do? We want to cut spending first. We want to downsize the Government, because we believe the answer lies in the individual in this country with more incentives and less government and less job-killing regulation and none of these taxes that feed the Federal monster.

We should do everything we can today. I hope the people across this country will flood your offices and say, "Go with the Republicans. Cut spending first, Stay out of my wallet. No more bureaucracy. No more regulation. Please don't kill my job. Cut spending first. Support the Republicans. Defeat the President's tax and spend plan."

Mr. SABO. Mr. Chairman, I yield 6 minutes to the gentleman from Texas [Mr. STENHOLM]

As I yield to the gentleman, I want to pay special recognition to him for his leadership in adding a provision which deals with budget review and also recognize two other Members, gentleman from Minnesota [Mr. PENNY] who worked very closely with the gentleman from Texas [Mr. STENHOLM], and the gentleman from South Carolina [Mr. SPRATT], who was absolutely essential in arriving at this agreement.

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Chairman, I rise in support of this reconciliation bill. I do so confidently but I did not come to this point lightly. My confidence is based on the addition of historic entitlement spending discipline, combined with an unprecedented freeze in discretionary spending. My hesitation was largely founded on grave concerns about the Btu tax included in the bill. I want to make perfectly clear from the outset that my vote for moving this process forward is predicated on the belief that improvements in the Btu tax will be forthcoming as the bill proceeds to the Senate. I will reserve my ultimate commitment to this legislation until hose improvements appear in the final conference report.

Days after President Clinton was sworn in as President on these Capitol steps, he offered a State of the Union Address in which he outlined an ambitious plan for our country which I wholeheartedly endorsed. One of the promises our President made at that time was a commitment to reducing our enormous Federal deficit. The budget which President Clinton proposed followed up that promise of deficit reduction with a concrete proposal.

The Budget resolution subsequently passed by the Congress established the game plan, calling for $496 billion in deficit reduction over the next 5 years and bringing the deficit below $200 billion by fiscal year 1998. The budget resolution provided for a hard freeze in discretionary spending, meaning that actual discretionary spending in 1998 would be no more than it was in 1993. Be assured that freezing discretionary spending will have a major impact on business-as-usual around here by forcing us to make tough choices and set priorities. One need only compare a hard freeze to the discretionary spending which occurred during the first 5 years of the Reagan Presidency to understand just how different business will be.

Total discretionary spending:

1982–$326.2 billion.
1983–$353.4 billion.
1984–$379.6 billion.
1985–$416.2 billion.
1986–$439.0 billion.

I have stated repeatedly throughout the budget process that any deficit reduction package must be accompanied by enforcement mechanisms to guarantee the promises of our president's and our own budget. This bill meets that test.

In addition to the discretionary caps which enforce the freeze on discretionary spending, this bill will establish entitlement spending targets at the levels provided in the reconciliation bill. If in the future entitlement spending is projected to exceed the cap by more than one-half of 1 percent, Congress and the President will be required to respond to the projected excess. First, the President will be required to submit a package to deal with the excess by proposing spending cuts, tax increases or increasing the targets. The President's direct spending message will be introduced as a concurrent resolution by the chairman of the House Budget Committee. The Budget Committee will be required to include a separate title within the House budget resolution that provides reconciliation directives to the appropriate committees, recommending changes in laws within their jurisdictions to reduce outlays or increase revenues by amounts equal to or greater than the President's recommendations. If the Budget Committee recommends an increase in the entitlement targets, there must be a separate vote on the raising of the targets. A budget resolution conference report will not be in order unless it deals with the overage in one of the ways I just outlined. A budget resolution that does not deal with the overage will not be in order. If Congress does not pass a budget resolution conference report that deals with the overage, it will not be in order to consider any general appropriation bills, unless a resolution devoted solely to the subject of waiving this requirement is first passed.

These procedures will take entitlement spending off of autopilot and force the President and Congress to take concrete actions dealing with increases in entitlement spending. The underlying premise of this enforcement mechanism is accountability on the part of Congress and the President. Having enacted a package which guarantees deficit reduction, we must stand behind our promise. If entitlement spending exceeds the targets, we must vote to take action in response. If we vote to raise the targets, or vote to avoid action by waiving these procedures, all of us here will be held accountable for those votes. If there are legitimate reasons why we choose not to cut spending or raise taxes to respond to the breech, we should be honest about that, admit we are not holding to our deficit reduction, and have the opportunity to explain why. If we are honest with the public, they will decide, based on good information, whether or not they agree with our decisions.

It is important to realize that even with these caps, there still will be an increase of $260 billion in entitlement programs over the next 5 years. I must say that I would prefer to do far better than that in deficit reduction. Nonetheless, the impact of taking entitlement spending off of its autopilot path for the first time ever is an accomplishment not to be minimized.

Mr. Chairman, I include the following charts:

Fiscal years	Reagan admin.	Reconciliation bill
Base year	308.1–1981	547.9–1993
Year 1	326.2–1982	538.8–1994
Year 2	353.5–1983	541.3–1995
Year 3	379.6–1984	547–1996
Year 4	416.2–1985	547–1997
Year 5	439–1986	548–1998

□ 1600

And we found that that created some real problems for us, so we looked for compromise. Our entire effort in this has been to try and find 218 votes to reduce the deficit.

One can make the commonly heard argument that these entitlement caps would be detrimental to the poor and underprivileged only if one believes that the President and Congress' budget is detrimental to the poor and underprivileged, because these caps enforce our budget. I do not believe that our budget is harmful to the poor and so I reject that argument.

I also reject the argument that this is not real. Eventually, sooner or later, and I know we have bipartisan support on this concept, we unfortunately will not have bipartisan support for the vote today, but I know the concept that we set in place today on the entitlement cap side will lay the groundwork for doing that which we must eventually do if we get the deficit down.

I encourage my colleagues to vote for this bill. It is not perfect. We will hear all of the things that are wrong with it. But remember these charts about what is right with it. A discretionary freeze and caps on entitlements that force us to take entitlements off of autopilot are a significant step forward for deficit reduction.

To those who criticize all of it, Mr. Chairman, I ask them to take a sincere look at the good sides of this and to recognize that there are good, and there are bad, recognize that getting the deficit down, to this Member, far outweighs the negatives associated with the problems of the bill.

I encourage the support of this bill today.

Mr. KASICH. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, it is very easy to get a flat line on discretionary spending when you cut defense by $219 billion and throw 2 million people out of work. That is essentially what happened here under this proposal.

I say to my colleagues, "You're not only going to throw them out of work by raising the energy tax," and for the people that are watching this debate today and are worried about whether they are going to have base closings, I tell them one thing: "You ain't seen nothing yet. Wait until this kicks in."

Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. McMILLAN].

Mr. McMILLAN. Mr. Chairman, according to the Tax Foundation, the energy tax will kill 1,445 jobs in the district of the gentleman from Texas [Mr. STENHOLM] who just spoke, and my district, it is estimated, will lose 1,181 jobs, and I do not think either one of us looks forward to that prospect.

But further, we have an opportunity today to make a choice that can meet the expectations of the American people to balance the budget, stimulate the economy, and hold the line on taxes. Unfortunately, Mr. Chairman, we will not do that because President Clinton's tax-and-spend plan does not cut it, and the right alternative is not on the table. The Committee on Rules ruled that out.

So, Mr. Chairman, we are left with Clinton's proposals, the largest tax and spending increase in history, and the son of Kasich with two times the spending reduction of the Democrat plan and no new taxes. Neither go far enough in reducing spending. If nothing is done today, we will add another $1½ trillion to the debt over 5 years with the annual baseline deficit going from $286 billion in 1994 to $359 billion in 1998.

The President's proposal, Mr. Chairman, will add $273 billion in new taxes, reduce spending by only $152 billion for total deficit reduction to $425 billion, and son of Kasich reduces the deficit with no new taxes over 5 years by $352 billion. The fact is that neither plan will reduce the annual deficit below $225 billion a year, and in fact what we are all only reducing is not the actual amount of spending, but reducing projected increases in spending that we have previously enacted or allowed to happen by doing nothing.

All of this, my colleagues, is before health care reform, which could be expensive. The President is talking about maybe as much as $30 to $150 billion a year. But both plans fail to adequately address health care costs that are out of control. Medicare and Medicaid are increasing at 12.4 percent per year. There is no deficit reduction plan that would be effective that does not hold the increases in entitlement programs to the cost of living plus the population increase.

Mr. Chairman, I made a proposal which was disallowed before the Committee on Rules to do just that. It is labeled H.R. 2172, and, if Congress and the President could stick within the targets set forth therein, that is, limiting entitlement growth to the increase in inflation plus population growth, or otherwise it would have to find the revenues to pay for the excess, the baseline would be frozen. It would also do away with baseline budgeting, our Achilles heel. My plan would bring the deficit down to $150 billion in 1998 and balance it by 2002 without a tax increase.

The gentleman from Texas [Mr. STENHOLM] and the Democrat plan talk about caps, but they do not set the caps any lower than the unacceptable rate that is already in the baseline budget, and that is a 12½-percent increase per year. That is simply not good enough. We cannot accept Medicare and Medicaid increasing at a rate of 12½ percent a year, and, if the Congress will roll up its sleeve, we can address the things that are driving up those costs, which is exactly what the authorizing process should be.

My colleagues, let us recycle this hazardous waste of legislation and come back to the kind of change the American people are prepared to sacrifice for that truly maximizes spending cuts and promises a balanced budget.

Mr. SABO. Mr. Chairman, I yield 5 minutes to the distinguished chairman of the Committee on Energy and Commerce, the gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, I thank the distinguished gentleman from Minnesota [Mr. SABO] for yielding this time to me.

Mr. Chairman, I rise first for purposes of a colloquy with my very able friend, chairman of the Committee on Post Office and Civil Service, the distinguished gentleman from Missouri [Mr. CLAY], and I would like to clarify one matter if I could have the attention of my distinguished friend.

Mr. Chairman, various congressional investigations of contracting by Federal agencies, particularly the Environmental Protection Agency and the Department of Energy, have revealed waste and abuse by contractor employees. Many agencies have lost the core staff capability needed to supervise various contractor functions, contractors are performing inherently governmental functions, and contractors are often performing tasks that could be more efficiently performed in-house.

I say to the gentleman from Missouri [Mr. CLAY] in view of these serious problems, I wanted to clarify that the reconciliation provisions reported by the Post Office Committee, section 10004(e), do not require equal percentage cuts in the work force of each executive agency. In other words, I think we should assure the House that these provisions would allow adjustments in the in-house work force of particular agencies to ensure adequate contract auditing and contract administration and to address the overreliance on contractor employees which has caused so many problems in terms of waste, fraud and abuse in these areas.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, I thank the gentleman from Michigan [Mr. DINGELL] for yielding to me, and I say to him that he is correct in his interpretation. The provisions reported by our committee specify limits on the average total number of civilian employees in the executive branch but do not establish agency-by-agency limits.

Mr. DINGELL. Mr. Chairman, I thank my distinguished friend, the gentleman from Missouri [Mr. CLAY]. I am sure my good friend, the gentleman from Minnesota, agrees with those interpretations.

Mr. SABO. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Minnesota.

Mr. SABO. Mr. Chairman, I agree with the interpretation, and I must also note that in contrast to some of the allegations from across the aisle this is another indication of real cuts that are in this budget reconciliation bill.

Mr. DINGELL. Mr. Chairman, I thank the gentleman from Minnesota [Mr. SABO].

Mr. Chairman, this is a good bill. It is going to hurt. It is going to cost people who are the beneficiaries of important programs like Medicaid and Medicare. It is going to hurt in a significant way the people who have the least. It is going to call upon those who have the most to begin to move toward picking up their fair share of the burden.

The legislation has many worthwhile provisions. President Clinton is prepared to lead. He is prepared to resolve the biggest single problem that this country has economically, and that is the budget which is out of control. This will begin to reduce Federal expenditures and get us in line where we can now look forward toward a period of economic development and growth uninhibited by the kind of excessive debt that we have seen triggered over the last 12 years of wildly inflated Federal budgets.

The President's program is a good one. The provisions by our committee do a number of things which are important. First, they cut Medicare and Medicaid by $50 billion. Second, they include the Emergency Telecommunications Technology Act which will make available 200 megahertz of spectrum which will see to it that is auctioned off among would-be spectrum users in a way that conforms with a broad public interest.

□ 1610

I would like to talk a little bit about the Btu tax. One of the great blessings of this country is cheap energy. One of the great curses is cheap energy. It is one of the things which contributes constantly to the unpreparedness of this country to meet the problems of another oil shutoff. Europeans who have maintained their oil prices high are able to address oil shutoffs without expecting wild and crazy swings in their economies occasioned by wild price increases triggered by the events which occur, unfortunately, all too often in the Middle East.

Gasoline today is cheaper than bottled water. Energy efficiency, energy economy in these areas, becomes virtually impossible.

While I do not like tax increases, while I do not like increases in the cost of energy, it must be recognized that this is a package in which about one-half is cuts in programs and about one-half is taxes, which will be raised almost entirely on those most able to pay.

This is the proposal which is going to require real courage by the Members. It has real deficit reduction. Real deficit reductions hurt. Real deficit reductions demand courage, and they demand the ability and the willingness to accept risk.

I heard many of my colleagues during the last campaign on both sides of the aisle speak about how it is needed to end gridlock, how it is needed for this country to set about making the country go. We will have a chance to see how much those Members meant what they said and whether they will have the courage to address perhaps the greatest single problem this country has known in its history, and that is a budget lobby out of control, by supporting President Clinton as he sets about trying to restore balance to the American economy and to the American budgeting process.

Mr. KASICH. Mr. Chairman, I yield 2½ minutes to the gentleman from Ohio [Mr. HOKE].

Mr. HOKE. Mr. Chairman, 218 to 16. Two hundred eighteen to sixteen. Those are the number of calls that we have received in our district office and in my Washington congressional office today. Two hundred eighteen calls from citizens, taxpayers, voters of the 10th District, against 16, encouraging me to vote for this plan. Two hundred eighteen to sixteen.

What does this plan do? It reflects the President's deeply flawed vision of change for America. It reflects a complete misunderstanding and misinterpretation of the mandate for change which was laid upon the President by the American people in November.

What is it that the people really want? They want smaller Government, not bigger Government. They want lower taxes, not higher taxes. They want less regulation, not more regulation. They want more freedom, not less freedom.

Two hundred eighteen to sixteen. And, Mr. Chairman, this is in a district in northeastern Ohio that is 2 to 1 Democrat to Republican in registration, that has had for 16 years representation by a Member of the other party.

Two hundred eighteen to sixteen.

Mr. Chairman, what will the effect be on average Americans? Four hundred seventy-one dollars for the average family in additional taxes due to the Btu tax. Four hundred eighty-three dollars in additional taxes to the average senior for Social Security taxes. Nine hundred fifty dollars for the average senior citizen in America in additional taxes as a combined result of the Btu tax and the Social Security tax.

Mr. Chairman, 218 to 16 against my voting for passage of this plan.

The CHAIRMAN. The gentleman from Minnesota [Mr. SABO] has 44½ minutes remaining, and the gentleman from Ohio [Mr. KASICH] has 49½ minutes remaining.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Illinois [Mr. HYDE].

(Mr. HYDE asked and was given permission to revise and extend his remarks.)

Mr. HYDE. Mr. Chairman, I just want to say a couple of things: The first is that I am amazed at the reliance on the ignorance of the public that many in the majority party exercise when they talk about the Reagan deficits and the Bush deficits, as though Congress did not authorize and appropriate every single penny of those deficits.

There is plenty of blame for Congress, dominated by the Democratic Party, to assume.

But look, we have in front of us the very onerous tax called an energy tax. It hits everybody: the poor, the middle class, the wealthy, the farmer, the worker. Everybody is going to be hit by this odious, onerous tax. It is going to help crush the economy.

In addition, you have a tax on Social Security, on older people who have been prudent enough to save a few dollars. And if a single person on Social Security has $25,000 in income, up go his taxes through the roof. For a couple, slightly more. Up go their taxes.

Both of those should not be in this program, but they are there, and there is no opportunity to get them out, because the majority party has used its powers to gag us so we cannot debate nor offer amendments on those topics. So voting for the substitute offered by the gentleman from Ohio [Mr. KASICH] is the only way to get rid of those disastrous, onerous taxes.

Certainly the Kasich substitute is not perfect. There are many things in it that many of us would want to change. But yet it is the only response to a terrible package that the Clinton people are bringing forward that means economic disaster.

So the only way to get rid of the energy tax, which is a killer, and the only way to get rid of that unfair Social Security tax, is to support the gentleman from Ohio [Mr. KASICH].

Mr. SABO. Mr. Chairman, I yield myself such time as I may consume to respond to the gentleman from Illinois [Mr. HYDE].

Mr. Chairman, the gentleman from Illinois should read "The Public Confessions of David Stockman: The Triumphs of Politics." Stockman's quote:

> Kemp-Roth was always a Trojan horse to bring down the top rate. It is kind of hard to sell trickle-down, so the supply-side formula was the only way to get a tax policy that was really trickle-down. Supply-side is a trickle-down theory.

He also explained how they developed their numbers in Gramm-Latta, down to 31 billion, by hook or crook. "Mostly the latter," was Mr. Stockman's response.

Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri [Mr. VOLKMER].

(Mr. VOLKMER asked and was given permission to revise and extend his remarks.)

Mr. VOLKMER. Mr. Chairman, on behalf of my five grandchildren, I rise in support of H.R. 2264.

Mr. SABO. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. CLAY].

(Mr. CLAY asked and was given permission to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from California.

(Mr. EDWARDS of California asked and was given permission to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Chairman, I thank the distinguished chairman of the Committee on Post Office and Civil Service for yielding.

Mr. Chairman, I rise in support of this bill.

Mr. Chairman, the gentleman from Missouri [Mr. CLAY] and I were here in 1981 when President Reagan had been recently elected on the promise that he would make change in the country. When he came in July before the Congress, before the House of Representatives with his tax plan, which was the heart of his changed plan for America, he got 133 Democratic votes.

If the gentleman from Missouri [Mr. CLAY] remembers, this was joined with 190 Republican votes and the bill was passed.

Mr. Chairman, I speak to my colleagues on this side of the aisle: every single Republican except one voted with their President, giving him a chance to put his plans into effect. I hope we all remember that today when we vote for this very good bill.

I will just take a moment, but there is a point I want to make that I would encourage my colleagues to consider.

In 1981, when Ronald Reagan became our President, the heart of his economic plan was his tax package. President Reagan was elected on a promise to make major changes in the tax system, and in the summer of that year the Congress had before it the President's tax plan.

Although many Democrats had reservations about the President's plan, 133 Democrats joined with 190 Republicans in voting on July 29 to approve the package.

Those Democrats felt that the newly elected President should have a chance to put his programs in place.

To my friends on the other side of the aisle, I say now we have another President who has been elected on a platform of change—a plan to reduce the deficit and revitalize our economy. The bill before us today is a key component of President Clinton's economic plan. Let's give the President a chance to make the changes the voters elected him to make.

To my friends on this side of the Chamber, let me note that in 1981 only one Republican did not support President Reagan on the 1981 tax package.

President Clinton is our President. We must support him. This is a good package. It is the largest deficit reduction package in U.S. history. Let's help our President fulfill the promises he made to the American people. I urge the adoption of the bill before us today.

Mr. CLAY. Mr. Chairman, reclaiming my time, under the provisions of the budget resolution, the Committee on Post Office and Civil Service was instructed to cut direct spending by $10 billion over fiscal year 1994 through 1998, and to reduce discretionary spending by $28.7 billion over the same 5 fiscal years.

☐ 1620

While the committee fully complied with those instructions, the committee's budget reductions were not achieved without a good deal of effort and anguish.

Given the committee's limited jurisdiction over entitlement programs, the budget resolution put the committee in a very difficult and unenviable position. I doubt any committee was asked to come up with so much from so few.

The 4½ million Federal employees and retirees were asked to absorb over $39 billion in pay, benefits, and program cuts. That figure represents 16 percent of all the spending cuts contained in this reconciliation bill.

Nevertheless, the committee did not duck its responsibility. Rather, the committee worked very hard to ensure that the required spending reductions were made in the fairest and most responsible manner. When the budget process began back in February, I was determined to have the committee explore every possible alternative source of savings available to us.

I am generally satisfied that we have met our goal, Mr. Chairman. Locality pay was preserved. Benefit cuts for younger retirees were rejected. The committee refused to reduce survivor benefits for dependent children and surviving spouses, as was proposed.

Mr. Chairman, I know of no other group in this country that is being asked to suffer a greater reduction in their standard of living. But as they have in the past, the Federal workers will rise to the occasion, because it is in the best interest of the Nation.

Mr. Chairman, we must reduce the deficit and yet continue to provide essential government services. This bill does that, and I recommend a "yes" vote.

Mr. Chairman, under the provisions of the budget resolution, the Post Office and Civil Service Committee was instructed to cut direct spending by $10.6 billion over fiscal years 1994 through 1998 and to reduce discretionary spending by $28.7 billion over the same 5 fiscal years. While the committee's recommendations to the Budget Committee fully complied with those instructions, the committee's budget reductions were not achieved without a great deal of effort and anguish.

Given this committee's limited jurisdiction over entitlement programs, the budget resolution put the committee in a very difficult and unenviable position. Only two other committees of the House were required to produce more savings. I doubt any committee was asked to come up with so much from so few.

President Clinton and the Congress are asking the 4½ million Federal employees and retirees to absorb over $39 billion in pay, benefits, and program cuts. That figure represents 16 percent of all the spending cuts contained in the reconciliation bill. A disproportionate share of the sacrifices Americans are being asked to make will be borne by Federal employees and retirees. Nevertheless, the committee did not duck its responsibility under the budget resolution. Rather, the committee worked very hard to ensure that the required spending reductions were made in the fairest and most responsible manner.

On May 13, 1993, the committee completed action on reconciliation recommendations that preserved the locality pay system for Federal workers, avoided reducing survivor annuities and averted a multibillion dollar shift in health benefit costs to Federal workers and retirees.

The changes in Federal pay will produce the largest spending reductions. The reconciliation bill will freeze Federal pay in 1994 by eliminating the January 1 2.2-percent pay adjustment. The bill also reduced the pay adjustments for calendar years 1995 through 1997 by 1 percent and changes the effective date of annual pay adjustments from January 1 to July 1 in calendar years 1995 through 2003. Because the pay adjustments for Member of Congress, Federal judges, and employees in positions under the executive schedule are linked to the pay system for Federal employees, the effect of these changes in pay adjustments is the same for these Federal officials as it is for Federal employees.

The committee's recommendations preserve the system for locality pay established by the Federal Employees Pay Comparability Act of 1990. The President had proposed a 1-year delay, followed by a substantial revision of the methodology for determining pay adjustments. Instead, the committee will implement locality based pay adjustments in 1994, just as the act had provided, although the effective date of the adjustments will be delayed 6 months to July 1. The reconciliation bill also establishes overall limits on locality-based payments to be made in 1994 through 1998. In order to meet these caps, the administration will have the authority to reduce locality payments otherwise authorized.

The reconciliation bill would delay by 3 months the cost-of-living adjustments under the Federal employee retirement systems in fiscal year 1994, 1995, and 1996. Under existing law, COLA's are effective December 1 of each year. Under this proposal, COLA's would not take effect until March 1 in the 3 fiscal years. The COLA delay would apply to all annuities payable under the civil service retirement system, the Federal employees' retirement system, and the Foreign Service and CIA retirement systems.

The reconciliation bill would repeal the lump-sum retirement benefit for all employees retiring on or after December 31, 1993, except for employees who have a life-threatening affliction or other critical medical condition. The lump-sum option has been suspended for 5 years under the Omnibus Budget Reconciliation Act of 1990 for all employees except this same group and involuntary retirees. This change in lump-sum benefits applies to the Federal employee, Foreign Service, and CIA Retirement Systems.

The reconciliation bill will extend for 5 years the formula for determining the Government's contribution under the Federal Employees Health Benefits Program. The formula, which was established in 1989 when Aetna withdrew from the program, will expire this year. Unless Congress extends it, the Government's share of health premiums would be reduced by $688 million in 1994; enrollee costs would increase by an average of 23 percent per month, an amount in addition to the expected 8- 9-percent increase in enrollees' premiums resulting from the overall increase in health care costs.

Other program cuts include a reduction in the total number of civilian employees in the executive branch by 1998 by 149,300, which is 10,000 more than the President proposed and assumed in the budget resolution. The reconciliation bill provides that to the maximum extent practicable, these reductions are to be achieved through attrition or other voluntary measures. In addition, the bill suspends cash awards to Federal workers and executives for fiscal years 1994 through 1998 and eliminates the current exemption from the limits on the accumulation of unused annual leave for members of the Senior Executive Service. The bill also would apply, beginning in 1995, the Medicare part B limits on physicians' services to health benefits program annuitants who are 65 or older and do not participate in Medicare part B.

In the postal area, while the committee prefers that the Congress fully fund revenue forgone appropriations to support nonprofit mailers, the budget realities preclude such action. Therefore, the recommendation will reform rate making for nonprofit mail. Except for appropriations to cover free-for-the-blind and overseas voting rights mailings, this reform will eliminate the need for revenue forgone appropriations. The reform represents a delicate compromise between nonprofit and commercial mailers. It raises rates for nonprofit mailers over 6 years, eventually 23 percent for fund raising letters and 12 percent for publications. The reform also eliminates commercial uses for nonprofit mail so that nonprofit mailers cannot use reduced rates to compete with profitmaking businesses. The bill authorizes $29 million per year for 42 years in appropriations to reimburse the Postal Service for phasing-in nonprofit rate increase and for revenue forgone losses in 1991, 1992, and 1993.

The recommendation also includes payments totaling $1.041 billion by the Postal Service to the civil service retirement and disability fund and the employees health benefits fund for past retiree COLA's and health benefits. The payments will be made in three equal annual installments beginning in fiscal year 1995. The committee believed that Postal Service payments required by the Omnibus Budget Reconciliation Act of 1990 ended any further Postal Service liability for past retiree COLA's and health benefit. These additional payments in the bill correct calculation errors and, the committee believes, represent the final chapter on this issue.

When the budget process began back in February, I was determined to have the committee explore every possible alternative source of savings within our jurisdiction in an effort to achieve the fairest and most responsible spending reductions. I am generally satisfied that we have met our goal. Locality pay was preserved. Benefit cuts for younger retirees were rejected. The committee refused to reduce survivor benefit for dependent children and surviving spouses, as the administration had proposed.

Federal workers and retirees are affected a great deal by this budget reconciliation bill. I know of no other group in this country that is being asked to suffer a greater reduction in their standard of living. As they have in the past, Federal workers will rise to the occasion to do their part for the greater good.

In conclusion, I commend the President and the Congress for confronting the No. 1 public policy problem facing the Government, namely, the Federal budget deficit. It has sapped our strength. It has made us as a nation timid in our commitment to solving the social problems facing out youth, the sick, and the poor. Our problems are too great for the faint hearted.

This is the first time in 12 years that we have confronted the deficit issue head on. If we succeed here, we will be in a better position to do great things, as a country and as a congress.

To their great credit, President Clinton and the Congress boldly propose to reduce Government spending by over $246 billion over 5 years. This bill will reduce the Federal deficit by a total of $496 billion over the same 5 years. Approving this reconciliation bill is the first step toward creating the economic prosperity that will create jobs and improve the standard of living of all American workers. The Democratic Party is the party of prosperity and equality. Without a strong economy, we will never have either fully. President Clinton and this Congress were elected to restore economic prosperity to our Nation. To vote for this bill is to do what the American people sent us you here to do.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Ohio [Mr. TRAFICANT].

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Chairman, change is not enough. What good is change without progress?

I am a Democrat. I challenge any Democrat to match my record point-blank. But I am not a lemming. When the interest of the Democrat Party conflicts with the interests of my constituents, it is an easy vote for me. I will always vote for the interests of my constituents.

I have lost jobs over the years, and I am not going to vote to lose another damn job, whether it is a Republican plan or a Democratic plan.

Bottom line: This is the biggest tax increase in our history. And what bothers me is it has been drafted by the same Members, a small few select Members that have given us the Tax Code that rewards imports, kills our exports, kills our jobs and allows an IRS to feast on our own constituents, afraid of our shadow.

Why do we not cut some foreign aid, folks? What about all the billions going to defend Japan and Germany? What is it with a Congress that will shut down the bases in Philadelphia, all over America, but will not shut down the bases overseas that say, "Yankee go home."

No one worked harder to elect Bill Clinton than me, and I support him. His heart is in the right place. But I am not for this damn plan. And I say, as a Democrat, shove this big tax increase up your compromise.

We have had a number of compromises. We have had a number of compromises, and we are compromised out. I did not come here to associate with Monty Hall.

Let me say one last thing. We do have race wars in America. We have age wars in America, gender wars in America. Now what do we have? A class war. Just jump on the rich, folks.

Let me tell my colleagues what, my district is one of the poorest and those so-called rich people I want to hire my people. I do not want them to have to leave our country.

We have put them up to here with the IRS, Social Security, unemployment comp, banking regulations, security regulations. Why the hell invest in America, Congress? They have not left because they are not patriots. Congress has not done their jobs. We have chased American jobs the hell out of here, and I will have no part of it.

I am going to vote today for my people. This will cost me 1,000 jobs, and I will be damned if I am going to lose another job, whether it has a Republican name or a Democrat name.

Mr. Chairman, I thank the gentleman for yielding time to me.

The CHAIRMAN. The Chair would admonish the gentleman from Ohio not to use profane language in his speeches.

Mr. SABO. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. MILLER].

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Chairman, I rise in support of the legislation. Mr. Chairman, as they said in the movie, "All That Jazz," "It's show time."

For 12 years, we had Presidents who pontificated about balancing the budget. But year after year, they asked Congress to enact budgets with bigger and bigger deficits.

For 12 years, red ink flooded our national finances because no President had the courage to come before the American people and the Congress and say what we need to do to get our fiscal house back in order.

Last November, the American people voted for change.

Not for easy change; not for symbolic change. But for real change, beginning with the budget and with deficit control.

Bill Clinton has responded to that mandate with the equitable, effective, and enforceable deficit reduction package that is before us today.

It's show time, for Congress, for the press, and for the American people.

Let us make a real stab at being honest with the Nation. There is no alternative to the Clinton deficit reduction plan.

The Republicans, who quadrupled the debt to $4 trillion in just 12 years, have no alternative; they have rhetoric. And if rhetoric could reduce the deficit, we would have had a balanced budget years ago.

The Senate has no alternative: The naysayers are offering a plan that protects energy companies by impoverishing millions of elderly citizens. And everyone knows that plan cannot pass.

And Ross Perot? Can we get serious here? Mr. Perot's regressive plan calls upon the middle class, whose taxes rose to pay for the Reagan-Bush tax and spend frenzy of the 1980's, to carry the greatest tax burden now. That is exactly the reverse of the Clinton plan. I guess it isn't all that simple.

I know this budget plan is difficult for many Members, and that they worry about voter retribution. Let me assure you: Whatever voter anger you confront as a result of voting for this bill will pale in comparison to the voter outrage, press condemnation, and financial collapse that would surely, and justifiably, result from the failure of this bill.

COMMITTEE ON NATURAL RESOURCES

The Committee on Natural Resources, which I am honored to chair, has contributed to this deficit reduction effort by introducing greater equity, accountability, and managerial improvements to the Departments of the Interior and Energy.

Fees. Rather than raise admission and useage fees for national parks and forests across the board, the Committee on Natural Resources equalized our fee structure by imposing fees on commercial users of public facilities, by bringing certain fees up to fair market value, and by only then raising certain fees to individuals that had previously been excluded from the fee system.

Mining holding fee. We have continued the $100 annual fee for claim location and maintenance of mining claims, which makes permanent a policy imposed previously through the appropriations process.

Nuclear Regulatory Commission fees. We extend current law to require the NRC to collect fees sufficient to pay for the cost of administering its programs.

Mineral receipts sharing. In the past, the Federal Government has paid for the entire cost of administering the onshore mineral production program on Federal lands, and shared half of all receipts with the States. This bill would share the costs of administration on a 50–50 basis with the States.

Irrigation surcharge. Water provided by Federal water projects in the west has been traditionally and notoriously subsidized, resulting in overplanting of many crops and serious environmental problems attributable to drainage and diversions. Last year, with the enactment of Public Law 102–575, the Congress imposed a substantial fee on California irrigators to pay for the costs of fish and wildlife restoration programs. This bill imposes a modest surcharge sufficient to yield at least $10 million annually for 3 years, and $15 million thereafter, to finance a restoration fund in other States.

Grants for insular areas. Lastly, we impose several qualifications on the provision of additional grant assistance to the Commonwealth of the Northern Mariana Islands. Current law provides that the United States provide nearly $28 million to the CNMI annually. This bill provides that for fiscal year 1994, only $3 million will go to the CNMI for the purpose of completing a memorial to those who served in the Pacific during World War II, with the remaining $19 million available for distribution to other territories based on applications for capital improvement grant approved by the Secretary of the Interior. Further funding for CNMI, which has been wracked by serious scandals involving immigration policy, tax policy, enforcement of labor standards, and abuse of immigrant workers, would await passage of a future joint resolution. In the meantime, several different agencies, including the GAO, the Inspector general of the Department of the Interior, and the Department of Justice, are directed to investigate and report upon the record of the CNMI government in improving these violations of law and other serious problems.

Mr. Chairman, our Committee also directs the Secretaries of the Interior and Energy to undertake thorough studies of the fees that are charged for services, to modify those fees to assure that all costs are fully covered by the fees, and to impose fees where none exist to reduce costs to the Government.

Lastly, our bill instructs that the President's annual budget submission include, in the future, an estimate of the unfunded liabilities of the Federal Government. Most Americans, including many in this Chamber, are unaware of the tens of billions of dollars in liabilities that our Government may well face as a result of obligations to clean up toxic waste sites, abandoned mines and oil wells, contaminated fish and wildlife habitats and many other costs that are, or could become, the responsibilities of taxpayers because those who caused the damage are unable, unwilling, or unavailable to do it themselves.

Mr. Chairman, that concludes the deficit reduction package approved by the Committee on Natural Resources.

I want to stress that many members of this committee cast tough votes for this package, and I want to acknowledge their courage and their dedication to deficit reduction, even at risk to their own political careers. They have demonstrated an unwavering commitment to fiscal responsibility, and I deeply appreciate their support of this important bill.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentlewoman from the District of Columbia [Ms. NORTON].

(Ms. NORTON asked and was given permission to revise and extend her remarks.)

Ms. NORTON. Mr. Chairman, I have an unusual array of participants to thank today—Chairman CLAY, Chairman HOYER, Chairman SABO, Director Panetta, the organizations representing federal employees, and as well, the CBO, OMB, OPM, and GAO for hard work that has led to a remarkable result. With their help, my Post Office and Civil Service Subcommittee on Compensation and Employee Benefits has met the President's requirement that we bring in $39 billion in documented savings, including two-thirds of his total discretionary cuts, all without extracting an intolerable burden from Federal employees.

To marry our mandate with concern for employees, we found alternatives to those originally proposed. The most important was keeping the long sought promise of locality pay to begin closing the average 30-percent gap between Federal and private sector employees doing comparable work. Proceeding toward this reform is especially necessary next year when Federal employees will have their pay frozen and will get sharply reduced annual increases for the next 3 years. At least beginning the 9-year process of closing the unconscionable gap avoids mass demoralization of the Federal work force and irretrievable losses in hiring and maintaining skilled employees.

From two dozen suggestions, we have found solid alternatives to avoid $700 million in new health care costs for Federal workers, a reduction in survivor benefits, a limit on the child survivor annuity, and a COLA cap and a COLA reduction on retirees below age 62.

Mr. Speaker, even with alternatives that replace more painful ones, federal employees will absorb far greater sacrifices than other Americans. Thanks to a collegial problem-solving effort involving the subcommittee with other Members, employee organizations, Government agencies, and tireless staff work the pain will be far easier to bear.

Mr. KASICH. Mr. Chairman, how much time remains on each side?

The CHAIRMAN. The gentleman from Ohio [Mr. KASICH] has 44½ minutes remaining, and the gentleman from Minnesota [Mr. SABO] has 39 minutes remaining.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. HERGER]; a member of the committee.

Mr. HERGER. Mr. Chairman, according to the Tax Foundation, the energy tax alone will destroy 1,121 jobs in my district alone, jobs that we cannot afford to lose. Mr. Chairman, to tax or not to tax—that is the question we are deciding today. Do we cut spending first, by adopting the Republican alternative, which cuts the deficit by $352 billion over the next 5 years?

Or do we impose the largest tax increase in American history on middle-class Americans and senior citizens and force the average American family to turn over another $500 to the Government in taxes each year?

Moreover, if we do impose this $355 billion tax increase, will that money do anything to reduce the deficit, or will it simply be squandered on new spending programs?

Under the Democrat's proposal, our national debt will not only not be reduced, but will actually be increased by 50 percent from $4.1 to $6.2 trillion over the next 5 years. Why? Because the Democrat plan does not control spending.

Once the floodgates are open and the new tax money comes pouring in, do we really believe a cardboard deficit reduction trust fund is going to keep Congress from squandering the money? President Clinton's Deputy Director of OMB doesn't think so. Alice Rivlin said the trust fund won't change anything.

Mr. Chairman, if the Democrat plan was a credible means of reducing our deficit, there would be no doubt about its passage. There would be no need for the barrage of deal-cutting going on last night, whose total cost to the taxpayers is still unknown.

The Kasich amendment is the only plan that does what our constituents want us to do—it does not raise taxes on the middle-class or senior citizens. It cuts spending first.

□ 1630

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. INHOFE].

(Mr. INHOFE asked and was given permission to revise and extend his remarks.)

Mr. INHOFE. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, there are many reasons to oppose the reconciliation measure. I am sure you are very excited about going home for the Memorial Day recess and facing the senior citizens who have just found out that you have voted for a 35 percent increase in the Social Security tax, which hits middle-income Americans hard. The Btu tax that masqueraded behind that nebulous title for several weeks is now out in the open and middle-income Americans now know there is a major tax increase on them. You have heard many speakers talk about these taxes, but there are many more hidden within this package that you may think you can cram down the throats of America with little or no notice.

Let me point out one tax that has not been talked about, but will affect 250,000 of your most enthusiastic single-issue citizens—the aircraft pilots of America.

Contrary to what some would have you believe, GA pilots are not fat cats. They are single-issue people who eat, sleep, and breathe aviation. In many cases, flying is the one thing these people enjoy and for many of them an additional $40 is a lot of money. You have probably been led to believe that GA pilots currently pay only nominal fees. In fact, the average GA pilot with a basic four-place aircraft pays at minimum $2,320 in federally mandated fees. This does not include fuel taxes or State imposed fees. So do not fool yourselves, what you are voting on today is not, as proponents would have you believe, a reasonable user's fee on a segment that pays little to nothing, but is in fact an additional burden on an industry that is already heavily taxed.

Aviation is not just a dying industry but is one that is almost dead. In 1979 we manufactured about 19,000 aircraft in America. In 1992, U.S. manufactured aircraft was 608. In less than 20 years, a world-class industry has been decimated. Although the lion's share of the blame for the decline of aviation probably belongs to the American trial lawyers for blocking meaningful product liability reform, today we are being asked to finish the job by taxing the industry out of existence.

Proponents of the tax increase argue that GA does not pay its fair share. First, it is important to recognize that GA pilots only use a small percentage of a system that has been designed and maintained primarily for airlines. Our airspace system is the most sophisticated in the world but because it was designed for commercial traffic, it offers services far in excess of what most GA pilots need or want.

Second, GA does pay its fair share in the form of Federal taxes on noncommercial aviation fuel—currently at 15 cents per gallon on avgas and 17.5 cents on jet fuel. This of course does not include the increased burden of the Btu tax which could amount to an additional $500 million over 5 years.

Third, GA's contribution to aerospace technology is irrefutable. Time and time again, GA—not the commercial sector—has developed and tested the technology that is used in state-of-the-art aeronautics. Breakthroughs like lamiter-flow wings, honeycomb construction, weeping wings, NACA scoops, and advances in avionics, are some of the many contributions GA has made to the aerospace industry.

What happens to aeronautical innovation if we push GA out of business? Well, recent history has shown that it stops. Since the decline of GA manufacturing in this country, innovative technological developments have moved overseas and cutting edge American technology is limited. In an industry where we once led the world in development, we are falling behind and will shortly not be a significant player.

Before imposing this new tax, we should ask how much it will cost to collect. Unfortunately, it is rather difficult to say at this point. However best estimates from the FAA appear to suggest the following: $28 to register the aircraft, $16 for renewal, $12 for a pilot certificate, and $12 for renewal. The proposal calls for a $12 triennial pilot certificate; thus, the $12 pilot certificate fee will not generate any revenue.

According to estimates, 80 percent of GA aircraft are less than 3,500 pounds and therefore are eligible to pay the lower $40 registration fee. That means that it will cost $5,774,944 to collect $8,249,920 in revenue in that category. Hardly effective. One has to wonder if we would be better off saving the $5,774,944 in collection costs.

Finally, before you vote on this tax, consider the entire package. By that I mean, the amount that an individual with a small airplane will pay is not just $40. It is going to be $40 plus the triennial pilot certificate fee of $12; plus additional fuel costs due to the Btu at 100 gallons per month that would be $100 per year; plus increased medical examination cost because medical examiners are going to pass on their $500 license fee to their patients; plus a $200 title and recording fee when you trade your aircraft. Instead of $40, we are conservatively talking an additional tax burden of $500 per year.

I was flying my plane back to Washington 2 weeks ago and I stopped at my normal halfway point, Owensboro, KY, partly because their gas is a few cents cheaper. I can remember stopping at that airport in the years past. The airport bustling with activity and enthusiasm, airplanes taxiing back and forth—a major industry in action. As I taxied up to the gas pump, 2 weeks ago, I was the only aircraft on the field with a prop turning. You could have fired an AK-47 360 degrees and have not hit a soul. The aviation industry is near death today. These discriminating fees and taxes imposed upon the 250,000 remaining aviation enthusiasts will not go unnoticed. I am sure the President thinks that this number is too small to be concerned with.

Democratic Senator, PATRICK MOYNIHAN, chairman of the Senate Finance Committee, characterized the Clinton increases that you are being asked to vote on today as "the largest tax increase of the history of public finance in America or anywhere else in the world." The 250,000 pilots of America will not forget this.

Mr. SABO. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. FORD], the distinguished chairman of the Committee on Education and Labor.

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Chairman, I rise in support of the Omnibus Reconciliation Act and in opposition to the Kasich substitute.

Mr. Chairman, as its part of the bill before us, the title reported by the Committee on Education and Labor would provide nearly $6 billion in savings over the next 5 years, according to the Congressional Budget Office.

The committee's reconciliation recommendations include three distinct items proposed by the President: replacing the guaranteed student loan program with a new direct loan program, requiring States whose student loan default rates are excessive to pay part of the cost, and amending the Employee Retirement Income Security Act of 1974 to permit the identification and allocation of third-party liability with respect to Medicare and Medicaid coverage under health plans.

I want to focus on the direct loan proposal for several reasons: it provides the biggest portion of savings, it is a terribly important reform for young people and their families struggling to pay college tuition bills, and it has been the target of a full-court lobbying effort replete with misinformation and misrepresentation.

Direct lending is based on the current pilot program. Simply put, direct lending would phase out subsidies to private lenders and split the savings between taxpayers and students, who would receive reduced interest rates and fees.

Students pay, on average, 6.5 percent of their loan in origination fees and insurance premiums—an amount which is deducted from the loan. Under direct loans, the origination fee would drop to 3.65 percent by 1998. In addition, the loan interest rate would be about 0.6 percent below the guaranteed program. Direct loans also would allow students a range of flexible repayment options, including income-contingent repayment. And students would benefit from a simpler process of obtaining and repaying loans.

Like the guaranteed loan system, the Direct Loan Program would be an entitlement. The mandatory spending would include all aspects of the program: the loan capital and administrative and servicing costs. There would be no gap in access to loans. Even so, the new program would save the Government $4.3 billion through 1998 and $2 billion per year after that compared to guaranteed loans.

The proposal would sweep away the system of 7,800 lenders, 46 guaranty agencies, and numerous servicers and secondary markets. In this complex setup, students go to a bank or other qualified lender, the loans are insured by a guaranty agency, reinsured by the Education Department and frequently resold in secondary markets. Under direct loans, students would obtain loans from their school. Most would receive all their financial aid through a single application at their school's financial aid office.

Qualified institutions could originate loans, receiving an administrative fee for each, but no institution would be required to do so. For those schools that decline to originate loans, alternate institutions or contractors, competitively selected, would handle loan paperwork. Either way, students would deal only with their school.

The committee recommendation is the result of careful study over several years by CBO, GAO, CRS, OMB, the Department of Education, and other public and private organizations. During the committee's deliberations on the reauthorization of the Higher Education Act last year, direct loans were discussed by 24 witnesses in 13 different hearings in Washington and around the Nation. The reauthorization, as reported by the committee, contained a phased-in direct loan program.

Nevertheless, Mr. Chairman, the special interests who benefit from the status quo continue to push a number of arguments against this proposal.

First, they charge that schools are not prepared to originate student loans. The fact is, three out of four students never see the inside of a bank to get their loans, they go to the school. As I stated, no school would be required to originate loans.

Similarly, opponents cite their own surveys indicating that institutions oppose direct lending. The surveyors, however, provide misleading descriptions of the direct loan proposal. They told college administrators they would be required to service the loans. Obviously, they did not reveal details of the direct loan proposal.

Next, opponents contend that the Department of Education is incapable of administering the program. It is a point familiar to those of us who watched the Reagan administration attempt to destroy agencies to support their argument that Government was the problem. One of Ronald Reagan's campaign pledges was to abolish the Department of Education. The Bush administration continued to starve the Department of adequate resources to execute its responsibilities and to use it as a dumping ground for political patronage.

Despite this dubious record, the Department successfully administered a direct loan program, the Perkins loans, with a portfolio of nearly $19 billion.

More importantly, we have a new President, a new Secretary, and a revitalized Department committed to the success of this program and the other education initiatives this country so sorely needs.

Furthermore, the Department will not have the full load of direct lending dumped on it in October, when the legislation would take effect. The legislation would phase in the program, beginning with 4 percent in the first year, roughly the size of the current pilot program. The proportion would increase over the next 4 years, and the Department would report regularly to Congress on its progress. We will be watching that progress.

That leads me to the next argument—that the advent of direct loans will mean the sudden end of guaranteed loans. This is not true either. According to CBO, even after the direct loan program is fully phased in, and outstanding guaranteed loan portfolio in excess of $90 billion will yield profits to lenders well past the year 2010.

Having made these arguments over the last several weeks, special interests—the lenders, led by Sallie Mae—contend that only they can maintain the viability of the student loan system.

To their credit, the student loan industry recently has been peddling alternatives to protect the status quo.

I want to address the only alternative scored as meeting the required CBO estimate, a bill introduced by our colleague, BART GORDON. I understand my friend decided not to present his bill as a substitute to the committee recommendation. Nevertheless, I think it is appropriate to examine his bill, H.R. 2219, for my colleagues who believe it represents a fair and credible alternative.

H.R. 2219 would meet the reconciliation target by swiftly slashing Federal subsidies to banks, guaranty agencies, and secondary markets. Unfortunately, the proposal has distinct disadvantages.

First, by cutting bank subsidies, H.R. 2219 likely would spur a massive withdrawal of lenders from the program and the collapse of many guarantors and secondary markets. This would immediately put at risk the availability of loans to the 6 million students who borrow annually.

Second, H.R. 2219 leaves in place the guaranteed loan system, universally criticized for its unnecessary use of middlemen and vulnerability to fraud. The Department's inspector general and the GAO investigated lenders who systematically over billed the Federal Government, students who defaulted because they did not know who held their loans, and guarantors who failed to ensure due diligence in collections by lenders. These abuses have resulted in the loss to the treasury of billions of dollars.

Third, H.R. 2219 provides no relief for student borrowers, only for the Government. Students would get no reduction in interest rates or fees, nor would they have the flexible repayment option of the committee's recommendation. For the last 12 years, the budget has been hard on students. They have been forced to bear the origination fee. They have had their loan checks delayed for 30 days as a savings gimmick. Their burden deserves relief.

Fourth, H.R. 2219 would provide $1 billion in annual savings beyond 1997, only half the savings of direct loans. It would do so by making cuts that have not been examined by the authorizing committee, education and labor.

I believe my colleague, Mr. GORDON, has tried to offer a good-faith alternative. I wish I could say the same about the industry that pushes it and others. Instead, we have witnessed a number of alleged grassroots campaigns that have turned out to be fronts for the banks and guaranty agencies who stand to lose the gravy train long provided by the current system.

This week, a number of our colleagues—led by Senator PAUL SIMON, Representatives TOM PETRI and ROB ANDREWS of our committee, and Education Deputy Secretary Madeleine Kunin—cast light on a number of these fronts.

One is an organization called Ohio Students for Loan Reform, which is actually run by the Student Loan Funding Corp., a secondary market for student loans. This front group ran ads in student newspapers, advertised a 1-800 telephone number that students could call to receive anti-direct-lending materials, and ran a drive to get students to send postcards to their Senators opposing direct loans.

We also learned of activities by the National Council of Higher Education Loan Programs, an organization of student-loan businesses. The council organized a panel of students purporting to represent the U.S. Student Association to appear at the council's expense at a council conference this week in San Francisco and enforce its anti-direct-loan position.

The fact is, the U.S. Student Association, which represents 3.5 million students at 350 member schools and State student associations, overwhelmingly endorsed direct loans at its convention in August 1991 and supported the direct loan pilot program that the Committee on Education and Labor included in the 1992 Higher Education Act reauthorization. The council obviously attempted to misrepresent the student association's position to further its political ends. It reluctantly announced at its conference that the panel it had recruited had no connection with the student association.

In Washington, Sallie Mae and the banks with a stake in the status quo have spared no expense to lobby Members of Congress to defeat the direct loan proposal. They have hired many of the most powerful lobbying firms in town.

It is unfortunate that the interest of banks have become so intertwined with the supposed interest of students, because this issue is not about banks, guaranty agencies, and secondary markets. It is about students and families and the best deal we can give them to help them pay for their educations.

As Deputy Secretary Kunin said in her statement on May 26 to the Senate Labor and Human Resources Committee:

> One might well ask when we have such an opportunity to make government work better, who could argue with a plan to provide better benefits to students while significantly reducing federal costs and creating more efficiency? The answer is obvious: those who are enjoying substantial benefits from the present system—the banks, guaranty agencies, Sallie Mae, state secondary markets, and others.

Everyone in this town is talking about the need to cut spending and reduce the deficit. Under this proposal, we will do that, and we will reduce the cost of getting an education for millions of young Americans. Increasing opportunity and making college affordable is the purpose of the student loan program. It is one of the reasons why I was attracted to the Committee on Education and Labor. At least as far as student loans are concerned, we are not here necessarily to help the banking industry continue a profitable line of business.

Mr. Chairman, I hope my colleagues will join the committee in supporting this important legislation.

Mr. SABO. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Kentucky [Mr. MAZZOLI].

(Mr. MAZZOLI asked and was given permission to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Chairman, I rise in support of final passage of the reconciliation bill, and against the offering of the gentleman from Ohio [Mr. KASICH].

Mr. SABO. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Washington [Mrs. UNSOELD].

(Mrs. UNSOELD asked and was given permission to revise and extend her remarks.)

Mrs. UNSOELD. Mr. Chairman, on behalf of the country, I rise in strong support of the reconciliation bill coming from the President and the House, and against the Kasich amendment.

Mr. Chairman, after 12 years of Republican spend and borrow, after 12 years of Republicans driving us to the brink of bankruptcy, this Nation is engaged in a struggle to restore economic health and fiscal sanity to our country.

I rise in support of President Clinton's deficit reduction package. Listening to the guardians of gridlock, you could not guess that we will be voting on the largest deficit reduction package in the history of this Nation—$500 billion over 5 years.

On the heels of a decade where we doubled defense spending, tripled the Federal deficit and saw our national debt balloon toward $4 trillion, this President is engaging in real deficit reduction. Over 5 years there would be approximately $117 billion less in domestic spending, $110 billion less in defense spending, $90 billion in cuts to entitlement programs, and $3 billion in cuts to foreign aid programs. For every new dollar in new investments, there will be $3 in cuts.

This President is also restoring tax fairness; 75 percent of the tax increases will be on families with income over $100,000. Every tax dollar in the bill will go toward deficit reduction. The relatively small additional energy tax to be paid by middle and lower income families will be offset by lower interest rates and an expansion of the earned income tax credit.

The President is asking more from those who can afford it the most. Under the legislation the richest 1 percent of American families will give back many of the tax breaks they got during the 1980's.

Besides leading us through the tough decisions to shrink the deficit, the President is tackling our economic problems. He is asking for help to restore hope for the 7 million people in this country who would rather earn a paycheck than a welfare check. He wants to invest in people again. I look at our State and see double-digit unemployment rates in many areas; I look at Skamania County and see almost 33 percent of the people out of work.

This bill includes $75 billion in tax incentives for investment, jobs, and encouragement of work effort, aimed at small business and at communities and individuals currently suffering from low incomes. That will mean more real jobs in the private sector.

By seriously addressing our Nation's deficit problems, cutting spending, and reprioritizing current spending patterns which aren't effectively addressing the needs of the American people, President Clinton is trying to build a strong foundation for our Nation's future. His plan is bold, serious, comprehensive, and revolutionary in its deficit reduction goals.

You will hear increasingly shrill cries that the President's deficit reduction package is only tax-and-spend. There is little credibility in those cries coming from the same forces who brought this country to the brink of bankruptcy and want to protect the wealthiest Americans. They are trying every trick in the political book to prevent the President from enacting his platform. They are fighting for the status quo of borrow-and-spend.

Make no mistake about it. This is a deadly serious battle. Our Nation's very future depends on it.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from North Carolina [Mr. VALENTINE].

(Mr. VALENTINE asked and was given permission to revise and extend his remarks.)

Mr. VALENTINE. Mr. Chairman, I thank the gentleman for yielding time to me.

For the last several days, many of our offices have been inundated with calls from constituents concerned about this bill. The concerns voiced varied widely, but the clear message I have received is that the people expect responsibility from this Congress and our President.

Taking responsibility for our Federal spending habits is not going to come easily, or cheaply. This reconciliation bill contains many provisions that I, frankly, do not like and would not support if considered separately. It offers more than enough pain to go around—pain for the citizens we represent and political pain for us.

But, the medicine we are taking, bitter as it may be, is the only cure available today for the deficit disease that afflicts us and that will ravage our economy if not treated. For years, we have chosen Band-Aids and aspirin to mask the symptoms. But it is time to seek the cure. We cannot afford to wait for some magic bullet that might be developed tomorrow or next year.

The reconciliation bill that we consider today represents a victory for moderate Democrats who have asked for, begged for, spending restraint and deficit reduction for more than a decade. For the first time in political memory, we are restraining all Federal spending. We are taking some of our spending off of autopilot—before we crash headlong into the mountain of debt.

It also represents a victory for middle-class Americans who have too long borne the weight of uncontrolled spending, spiraling deficits, and ever-mounting debt.

Finally, it represents a victory for the President. Despite his initial opposition to entitlement caps, he has proved that he is willing to listen. Unlike the last two administrations, this one is willing to confront our most dangerous economic problem honestly and directly.

Mr. Chairman, many of us could once again choose the short term political benefit of voting against this bill. It is tempting—very tempting. But, I believe there comes a time when we must act—a time to cut spending and to take real steps to reduce the deficit. As tough as it is, it is time to do the right thing.

I urge my colleagues to support this reconciliation bill.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Chairman, according to the Tax Foundation, the energy tax will kill over 3,000 jobs in the districts of the four Members that just spoke. In my district we will lose about 1,876 jobs. I think that is a very conservative figure, since I represent a lot of petrochemical plants.

Mr. Chairman, what we are witnessing here today, and it is amazing, as I watch it, reminds me of cartoons on Saturday morning: A lot of fantasy, and just the plot changes to fit the audience.

The Democrats start out by blaming all these problems and the deficits on the last 12 years on the last two Republican Presidents. But the same people, the same leadership, controlled this House over the last 12 years. The last election was supposed to bring change. Well, we got it. We started out this year with the Democrats wanting a big stimulus package, which was actually new spending, new deficit spending. The American people rejected it. They wanted spending cuts first.

Then we went from there to yesterday. The Democrats passed two new supplemental spending bills, with new spending adding to the deficit. Then the Democrats bring to the floor today a tax package that will cost jobs. I defy anybody to show me a tax increase of this magnitude that does not cost jobs and stall the economy.

Right now the economy is stalled just talking about all this. The President of the United States has not passed anything yet except those bills that were vetoed by previous Presidents, and just talking about this kind of economic theory, this economic package, the economy has stalled, and promise all the spending cuts later.

What we have brought the Members for their consideration is $430 billion in new spending cuts and no taxes and no gimmicks. I respect the gentleman from Texas, who is trying to hold spending down on entitlements, but I say to the gentleman from Texas, if he had come over to this aisle he would not have had to compromise with gimmicks. He would have had real spending restraint.

Americans have asked us to change and not have fantasies with new plots. If the Members really want to be honest, why would they not wait for spending cuts first? Why did they not wait to go through the entire appropriations process, where we could get at spending cuts? Instead, they started off by raising spending, they followed that by raising taxes, and we are promised spending cuts in the distant future. The spending cuts will never happen. They never have.

The American family is already paying over 53 percent of their income on the cost of government from the local, State, and Federal levels. They cannot afford any more taxes.

What you are doing is putting American families out of jobs, then raising their taxes. This tax package is a cartoon of horror.

□ 1640

Mr. SABO. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. HEFNER].

(Mr. HEFNER asked and was given permission to revise and extend his remarks.)

Mr. HEFNER. Mr. Chairman, my good friend from Texas sort of rewrites history. If he will look back, up until 1986 the Republicans controlled the other body, and through the support of the Democrats in the House here had a working majority with the Ronald Reagan administration. So I would say since 1986 that the $3 trillion, in excess of $3 trillion that we are now having in this country has been far, far more responsible for the loss of jobs in North Carolina and in Texas than anything that is going to be in this bill.

And the gentleman makes the point, and we had a little confrontation about this before, we have appropriated money, but we cannot spend one dime unless the President of the United States signs the appropriations bills, and I do not care what arguments you make, the facts are the facts. Facts do not lie, but liars figure.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Mr. Chairman, I would love to address the ladies and gentlemen of the whole House of Representatives, but I have a feeling that it is pretty evident by now that the Republicans here today are in an opposition mode. I have a feeling there is a certain amount of denial going on, not only about the results of the election, but about 12 years of public policy in this country.

But I think it is obvious to all that the Democratic Party is taking responsibility for all of that today. We have been elected. Our President was elected. We have majorities in the Congress and we are about to do the things that have been put off for so long because of the blame game, and the gridlock, and the inability to have a consistent view on how we fix this economy.

It is painful. Nobody enjoys it. Nobody really wants to put up with the details of deficit reduction. Everybody is for it, in general, of course. Ross Perot can develop his positive swell in the polls by being an advocate for deficit reduction. But when he gets to the details of what he advocates, his popularity plummets.

Nobody wants to really go on the line and cut spending the way we have in domestic discretionary spending, the way we have in entitlements. And nobody ever wants to raise taxes. Nobody wants to pay them.

But this is a country that needs an economic agenda. It needs a future. It needs leadership, and it has a President who is not into playing a waiting game until his second 4 years, but who is willing to put it on the line in his first term.

Yet, what kind of response do we get? It is not the kind of bipartisan response that this party in some measure gave to President Reagan 12 years ago. No, we get unalterable opposition from the Republicans. We get the burden placed totally on the Democrats.

Frankly, I am proud of the fact that we are about to pick it up, and we are about to implement a plan, and we are about to take our future in our hands and see whether or not we can change the direction of this country.

This party takes responsibility. I think in the long term the American people will reward us for our leadership.

BILL IS PAST DUE

Judgment Day has arrived. The richest in our Nation had a great party during the last 12 years and now the bill is due. President Clinton is stuck with the tab and the Nation's credit line is overdrawn.

CHANGE PRIORITIES

A primal scream reverberated through the Nation last fall—change our priorities—but most of all, the American people want us to perform, end our individual quarrels and put our country above all. Today the Nation is tuning in to see if we heard them.

LARGEST DEFICIT REDUCTION EVER

The President presented the American people with a $500 billion deficit reduction plan—the largest deficit reduction plan in the history of our country.

THE 200 SPENDING CUTS

The President's plan has over 200 specific spending cuts including $100 billion in entitlement cuts.

CONGRESS ADDS $63 BILLION IN CUTS

The Democratic Congress added an additional $63 billion in spending cuts.

THREE OF FOUR NEW TAX DOLLARS ON THE RICHEST

This plan balances the tax burden on Americans—the rich will pay their fair share. No income tax increases on those who make under $115,000. Families who make less than $30,000 will not have any new taxes—period.

Three of four new tax dollars come from the top 6 percent in our country—the richest in our Nation.

LEND THE PRESIDENT A SHOULDER

It is time for us to lend our President a shoulder to get our country out of the ditch and back on the economic road of a recovery that promises new jobs and economic growth.

FOR CALIFORNIA $10 BILLION

By passing the President's economic plan we will lower the deficit and the drain on private savings, stimulate private investment and long-term productivity. In my home State of California, the lower interest rates, resulting from deficit reduction, are estimated to stimulate an additional $10 billion increase in California's gross State output.

FISCAL DISCIPLINE

With this plan we will begin to restore fiscal discipline.

GIVE OUR PRESIDENT SUPPORT

Give our new President the opportunity to lead this country back from the deficits of the last decade. He deserves our help.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. COX], a member of the Committee on the Budget.

Mr. COX. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I just note for the RECORD that according to the Tax Foundation, the energy tax will cost my colleague from California [Mr. FAZIO], over 500 jobs in his own district.

It is time that we pierce the populist fog and look at the truth about taxation and economic growth.

This bill raises taxes. Of that we can be certain. It is in fact the largest tax increase in American history.

It does not cut spending. Of that we can be certain. In fact, let me quote the outlay figures. From $1.4 trillion in 1993, this budget will increase spending to $1.5 trillion in 1994, $1.6 trillion in 1997, $1.753 trillion in 1998, for a total of outlays over and above the Republican substitute, which really does cut spending, of one-quarter trillion dollars of brand new deficit spending. That is what this Clinton plan is all about.

You cannot fix the deficit by raising taxes and increasing deficit spending.

Now, let us revisit this canard about the 1980's. We are told that we had this awful 12 years. well, we had economic growth throughout most of the decade of the 1980's. The recession started after the 1990 tax increase on the backs of some of the seeds that were sown in that awful 1986 tax increase.

But look what happened during the 1980's. Between 1980 and 1990, revenue to the Federal Government increased from $517 billion to over $1 trillion.

The problem was not that we did not generate revenues through moderate tax policies that created economic growth. The problem was that for every new dollar in revenue that Washington collected, this Congress spent an additional $1.59.

It is deficit spending that is the problem, pure and simple.

Let us consider what happened during the longest peacetime economic expansion in American history. Over 21 million new jobs were created, poverty and unemployment of African-Americans, which increased under Jimmy Carter, fell under Ronald Reagan.

Mr. Chairman, the lesson is that you cannot reduce the deficit by tax increases, only by bona fide spending reductions.

The further lesson is that government maximizes its revenue not by a tax system designed to punish success, but by a tax system that provides incentives to reward success.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. FRANKS], a member of the Committee on the Budget.

(Mr. FRANKS of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. FRANKS of New Jersey. Mr. Chairman, President Clinton claims that his budget is a bold, new initiative that will finally let us tackle the Federal deficit and the growing national debt. Well, I come from New Jersey, and I want to tell you that President Clinton's program is not really new. His prescription of higher taxes and new spending has already been tried in my home State and I want to share the results of that experiment with all of you today.

In 1990, our Governor imposed the largest tax increase in the history of our State. And let me tell you, the New Jersey economy is still reeling from the shock. Today, my State's unemployment rate is over 9 percent—the worst among all of America's industrialized States.

Mr. Chairman, this reconciliation bill we are considering today—all 1,500 pages of it—would take this country down the same road that New Jersey has been on for the past 3 years. For the citizens of my State, the Clinton tax program would mean an additional annual tax burden of almost $3 billion. Over $1 billion of that amount would be from the Btu tax that would hit New Jersey citizens especially hard. Mr. Chairman, my constituents cannot afford another $3 billion in taxes.

Those new taxes would be a knockout punch to a State economy that is not yet on its feet.

Moreover, the program the President is calling for will not work. It will not create more jobs and it will not reduce our deficit. According to the President's own numbers, in 5 years we will have racked up another trillion dollars in the national debt because, for all the talk of spending cuts, this bill fails to eliminate even one Federal program.

And the case against these new taxes goes beyond the fact they will not work. They are also fundamentally unfair. The energy tax will erode the economic strength of anyone making more than $30,000; the proposed increase on Social Security taxes will hit all those seniors making more than $25,000.

So much for the easy campaign talk of taxing just the millionaires to pay for deficit reduction and new Government spending.

Mr. Chairman, faced with the unfairness and economic dangers of these proposed new taxes, let us cut spending first.

Mr. SABO. Mr. Chairman, I yield the balance of my time under general debate to the distinguished gentleman from Illinois [Mr. ROSTENKOWSKI], chairman of the Committee on Ways and Means, and I ask unanimous consent that he be permitted to yield blocks of time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KASICH. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. ROUKEMA].

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Chairman, I want to associate myself with the remarks of my colleague the gentleman from New Jersey [Mr. FRANKS].

Mr. Chairman, I rise in opposition to H.R. 2264, the omnibus reconciliation of 1993. And I do so with great frustration because I recognize the need to take strong action to reduce the budget deficit now. Unfortunately, this bill, as the cornerstone of President Clinton's flawed economic and budget plan, takes us down the wrong path.

THE DANGEROUS DEFICIT

Clearly, the budget deficit and our declining position in the global economy require firm action and determined leadership. The accumulating national debt poses a real and growing danger to our economic well-being. The billions of dollars we spend on interest on that national debt is money that is not available to create one job, repair one bridge, pay one medical bill, provide one student loan, or train one young American. Indeed, interest payments are slowly strangling economic growth.

THE SPENDING SPIRAL

In structuring a credible deficit reduction and economic growth package, we must first attack the spending spiral. We must significantly cut Government spending before we ask Americans to shoulder a higher tax burden.

This is exactly where President Clinton's plan fails. Despite the earnest pledges of OMB Director Panetta earlier this year that any deficit reduction plan would contain $2 in spending cuts for every $1 in new taxes, the opposite is true. The legislation we are being asked to approve today contains over $3 in increased taxes and fees for every $1 in spending cuts. In fact, of the $343 billion in reconciled reductions, only $70 billion is not from higher taxes.

If that is not bad enough, I take strong exception to the ongoing expansion of the Federal bureaucracy. In fact, not one program not one, is eliminated here. Not even the now-famous wool and mohair subsidy or the honey support program. And this legislation contains $38 billion in new or expanded entitlement spending. I am astounded that anyone would even consider such new levels of spending on new programs before reaching tangible deficit reduction targets.

This is just more of the same—continuing a dangerous tradition of profligate spending without regard to the long-term consequences.

DIRECT LOANS

A prime example—the ill-conceived, ill-advised move in this legislation to get the U.S. Government into the direct student loan business.

There can be no doubt that the Guaranteed Student Loan Program has had its problems over the years. As a member of the Education and Labor Committee, I have led the charge for years in fighting for new taxpayer protections—measures that will sharply curtail the $3 billion a year loan default crisis.

I would go further with our reforms. But to take our current GSL system, and replace it with a direct loan program, run by the Federal Government with all its bureaucracies and inefficiencies, unsought and unwelcome by many of the institutions it will serve, seems to be the height of recklessness. We are opening up a budgetary Pandora's box here. CBO claims we will save over $4 billion following this route. I submit that when all the administrative costs are stacked up, when we add the cost to the taxpayers of capitalizing this system, and when we throw in the inevitable inefficiencies of creating another Federal bureaucracy, the taxpayers will pay for our haste.

MEDICARE AND MEDICAID

I am also deeply troubled by the deep cuts we are proposing in Medicare and Medicaid. Once more, we are trying to tell our aging Americans that all we have to do is ratchet down on waste, fraud, and abuse, and cut the fees of those rich doctors and expensive hospitals, and we will be able to cut costs and maintain quality health care. Experience shows us this is just not so.

Already, the Medicare Program is losing its ability to attract and maintain the participation of quality providers. Foremost, it is our senior citizens who shoulder the burden of these broad cuts. The last time we enacted cuts as deep as these in Medicare, beneficiaries saw their services and benefits decreased while their financial contributions increased.

In 1990, seniors' premiums jumped almost 20 percent, and deductibles were increased by a full one-third. New limitations and restrictions on services and shorter hospital stays have made seniors pay more and get less. That is, of course, when they were able to find a doctor willing to see a Medicare patient, let alone accept the fee that the government pays. The plain fact is that fewer and fewer doctors can afford to accept assignment, and more and more of our seniors are feeling the bite of ever-increasing copayments, premiums, and deductibles.

Are we supposed to think that these deep slashes in reimbursement will help this problem?

What we are doing here is in fact fanning the flames of the health care fire for everyone who is not serviced by Medicare, and cost-shifting $48 billion onto the backs of hard-working, insured, Americans.

It seems that once again, the sheer size of Medicare has made it an easy target for Draconian cuts driven by budget considerations instead of health care policy.

CHILD IMMUNIZATION

The committee has also failed to take responsible action on childhood immunization. Without any hearings or any legislative input, the committee has included more than $2 billion for childhood immunization activities. We all share the President's goal of immunizing our Nation's children—it is a disgraceful indictment of our Nation that our child immunization standards rank with Third World countries. But in simply throwing money at the problem, the committee has failed to address the root causes of this failure. Either through ignorance or apathy, too many parents—especially in rural areas and our inner cities—are failing to have their children immunized.

As long as it is the children who suffer from this failure, I continue to push the committee and the administration to hold parents to responsible, enforceable standards. I have proposed that we tie welfare benefits to child immunization: as a condition of receiving her AFDC check, a parent must certify that her child is up to date on immunizations. This model works. Historically, when we have told parents that their children absolutely will not start school without proper immunization, lo and behold, the parents get their children the shots. Our success rate is upwards of 90 to 95 percent.

It is so painfully clear that we have here the opportunity to take something that works and make it work better, that I cannot understand the logic of the committee in rejecting any such attempt. This action does not start to end welfare as we know it—indeed, I propose that it sets us back further. The immunization of our children is truly preventive medicine, and a cost-saver. Medical evidence shows that every $1 invested in child immunization saves $10 in future health care costs. If we are looking to get our fiscal house in order and make prudent health policy, this is the way to do it.

Mr. Chairman, we have heard a great deal of discussion these past few days regarding entitlement caps. Yes, we need to control the explosive growth of entitlements. But no pledge, no promise, no good faith effort will get the job done. We need credible, tough enforcement mechanisms.

Mr. Chairman, we must cut spending, halt the introduction of new programs and develop a Save and Invest in America Program of tax incentives—targeted capital gains tax cut, investment tax credit, expansion of IRA's, et cetera—that will encourage U.S. business to invest in new plants and equipment to become more competitive in the ongoing global economic wars.

This is the blueprint that starts us down the road toward genuine deficit reduction and economic growth. We owe it to the American people to take these important steps to regain our national economic footing.

Mr. KASICH. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri [Mr. EMERSON].

(Mr. EMERSON asked and was given permission to revise and extend his remarks.)

Mr. EMERSON. Mr. Chairman, I rise in opposition to this giant act of subterfuge being perpetrated on the taxpaying American public.

Mr. Chairman, I rise in opposition to this giant act of subterfuge that is being perpetrated on the taxpaying American public. This bill is a job-killer—the Btu tax, the barge fuel tax and the Social Security tax are regressive, ill-conceived and oppressive.

No other nation in the industrialized world taxes its basic energy sources. The 250-percent increase in the barge fuel tax is confiscatory. The Social Security tax—levied on people with very fixed incomes—is cruel and mean.

President Clinton campaigned on promises of reduced taxes on the middle class. He promised $2 of real spending cuts for every $1 of new taxes. This measure gives us at least $3 in new taxes for every $1 of spending cuts. No wonder the public is disillusioned. People campaign and get elected on one set of rhetoric and then govern by a different set of principles.

This is the largest tax increase in American history. Since the end of World War II Congress has managed to spend $1.59 for every $1 of new revenue. We must cut spending to control the deficit. The history of the last 45 years proves that is the only way to cut the deficit.

□ 1650

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Oregon [Mr. SMITH].

Mr. SMITH of Oregon. Mr. Chairman I rise today to speak on behalf of rural Oregon in opposition to higher taxes and more Government spending.

First, I want to express my general opposition to this plan, then explain why this plan will thrust the Pacific Northwest into an economic tailspin.

Congress has tried this scheme before. This is no different than the 1990 budget agreement. Tax first to raise revenues, and we'll balance the budget later. Gramm-Rudman I, II, and III were the same too—champion the deficit reduction plan when it passes, and find a way to wiggle out of it later.

The message I am receiving from Oregonians is that they don't trust us with their tax dollars. They do not want new taxes, they want us to cut spending first.

Much of our discussion this week has centered around very large numbers. Hundreds of billions in new taxes, trillions in debt and, sadly, considerably less in spending cuts.

However, I would like to frame this decision in a more local context. I would like to present my colleagues with an analysis of this package and its impact on a typical wheat farm in Oregon.

The Oregon Wheat Growers League is fortunate to have as a recent past president, Dr. Clinton Reeder. Dr. Reeder has a Ph.D. in economics, and he may be unique in his line of work because he actually gives simple answers to straight questions.

I have relied heavily on his work for my own examination of this package and I would like to share some of my conclusions with you.

Raising flex acres from 15 to 20 percent costs this typical farm $6,041 next year.

The Btu taxes on fuel, lubricants, and barge or rail transportation, even taking the so-called farm exemption into account, will cost this same farm $3,243 per year.

The costs of pesticides, fertilizers, and other chemicals will go up by $1,641 as a result of the new Btu tax.

The 250-percent increase in the inland waterway user fee costs this farmer $599. I might mention here that this is a cut from the originally proposed 500-percent increase, which some of my colleagues are proud of for some reason.

The Port of Portland, the largest port in Oregon, has told me that between the inland waterways user fee increase and the energy tax, the cost of water transportation on the Columbia River will increase 25 percent. How will industry manage this 25-percent increase? They will cut other costs, which inevitably means lost jobs.

Additional irrigation costs as a result of a 50 cent per acre surcharge on Bureau of Reclamation water and the Btu tax will cut this farm's income by $2,250.

Through a combination of all of these surcharges, program cuts, user fees, and energy taxes on fuel, chemicals, and fertilizers, the Clinton proposal will add $13,744 in additional costs to a typical 2,500 acre wheat farm in Oregon.

This same farm currently earns $50,849 before taxes. A $13,744 cost increase means this farm family will incur a 27-percent reduction in taxable income as a result of the Clinton plan.

That does not mean you skip your vacation this year. That means you let your hired man go. It means your child will not go to college. It means bankruptcy.

I have a chart which outlines these dollar costs, and I encourage my colleagues to review it, and consider its human costs, before voting.

Mr. Chairman, no matter how you look at it, a 27-percent hit on pretax income is outrageous. That is not sacrifice, that is robbery, and I will not be a party to it.

Finally, I want to discuss the aluminum industry. It is one thing to tax companies who can absorb the additional costs or pass them along to consumers. It is quite another to tax an industry, like the aluminum companies in Oregon and Washington, that already operate on thin margins dictated by world market prices. It chips away at their competitiveness.

For example, Northwest Aluminum of the Dalles, OR, in my district, will probably be forced to export 500 jobs to Canada. The energy tax, even with the so-called exemption granted by the Ways and Means Committee, will cost Northwest Aluminum $2 million annually, which must come straight out of operating expenses.

With the aluminum industry, we are talking about 40,000 jobs in the Northwest that depend either directly or indirectly on our nine aluminum plants. Speaker FOLEY knows what I am talking about: The largest employer in his district is the aluminum industry.

Mr. Chairman, this plan is backward. New taxes have never bolstered a dragging economy. Instead of taxing first and cutting spending later, we should cut spending first. That's what the American people want us to do.

The Agriculture Committee reported out reconciliation instructions the week before last. Ironically, the Democratic majority reduced spending for farm programs by $3 billion and added to the deficit at the same time.

How? While they cut farm programs by $3 billion, they voted to expand the $25 billion Food Stamp Program by an additional $7.3 billion.

Why? To help offset the adverse impacts of the largest tax increase in history. That is worse than ridiculous, it is tragically irresponsible.

The primary victims of this plan will be our Nation's farmers. The secondary victims will be Members of Congress who vote for the plan.

I urge my colleagues to reject the President's tax and spend plan.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. BREWSTER].

(Mr. BREWSTER asked and was given permission to revise and extend his remarks.)

Mr. BREWSTER. Mr. Chairman, it is an opportunity today, an opportunity for this House.

I want to talk just a moment not about Democrats, not about Republicans, because both have been responsible for the last 12 years, getting us in the shape we are in, but this deficit and this debt are the most serious thing that this Nation faces.

The deficit feeds the debt which means more interest that our country has to pay.

In 1980 this Nation's entire debt was $800 billion. Today it is $4.2 trillion. We cannot continue that.

Now, gentlemen, you keep talking about the tax-exempt foundation that says so many jobs will be lost. You can find economists to develop whatever numbers you want.

I am from an energy State. I have a background in energy policy and understand energy policy.

This will mean positive things for Oklahoma. It will mean additional jobs in the natural gas industry. There are very positive things for this Nation in this bill.

In American today we have the lowest total energy cost of any country in the world, and we will have after this tax is passed as well.

The deficit reduction trust means every penny raised through taxes, every spending cut goes into the trust and has to used for deficit reduction. None of it can be spent for new programs.

The entitlement caps are very important, but most of all, if you vote no today, do not say you are for deficit reduction.

You have an opportunity to start today. This bill is not everything I want, not everything you want, but if you vote no and go out here and tell your constituents you are for deficit reduction, you are not being truthful to them.

I would encourage my colleagues to step forward, do the right thing, vote yes, and start this country on a turnaround to addressing the deficit and the debt that we have.

Mr. KASICH. Mr. Chairman, I ask unanimous consent to yield the balance of my time to the gentleman from Texas [Mr. ARCHER], and, further, I request that he be permitted to yield blocks of time as he sees fit.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have listened carefully to the debate, and I believe that there is sincerity on both sides.

This country faces a massive deficit. We need to move ahead to reduce it, and we need to do so now. But there is a vast difference between our two approaches.

I have heard from the other side that it only takes courage to vote for tax increases, as if it takes no courage to vote for spending reductions. That is far from the case.

I have heard from the other side that only the Clinton Democrat proposal shrinks the deficit, and that is not the case. But the Clinton Democrat proposal is so remindful of what occurred under Gramm-Rudman and particularly what occurred under the 1990 budget agreement.

The 1990 budget agreement, in fact, is so very similar to the Clinton Democrat budget agreement that I am surprised by it, because in the negotiations in 1990—and I was there every minute of the meetings at Andrews AFB and the other places they were held—the Democrats insisted on taxes on the rich. Those taxes were put in up front, and they are still with us today. The spending cuts were to occur, yes, you know it, Mr. Chairman, in the third, fourth, and particularly the fifth years. As in Gramm-Rudman, the spending cuts were very small in the first 2 years, but we were going to get big spending cuts in the third, fourth, and particularly the fifth year.

In 1990 the Congress refused to let the Gramm-Rudman spending cuts take effect, replacing Gramm-Rudman with the 1990 budget agreement, and now that we are at the threshold where we should get the big spending cuts from the 1990 budget agreement, this President will not let them go into effect. So we start over again with the Democrat budget from the President which cuts no net spending in the first 2 years. In fact, there is a slight increase in net spending in the first 2 years.

But, yes, again there will be taxes on the rich up front, and that is supposed to get the deficit down. But the deficit did not come down as a result of the 1990 budget agreement, and now in addition, we have major new taxes on middle-income and job-creating activities that are part of this new Clinton Democrat budget proposal.

What can the American people expect? In the Kasich budget, there is $86 billion of spending reductions in the first 2 years. In the Clinton Democrat budget proposal, there is over $90 billion of new tax increases in the first 2 years, and as I said earlier, no spending reductions on a net basis.

Oh, yes, there are some so-called spending reductions, but they are offset by the President's proposals for new increased spending programs in the first 2 years.

Why should we try 1990 all over again when it did not work? Why do we not really try change, something new, with the Kasich alternative which gets the deficit reduction totally from spending cuts?

Second, will the approach be good for the country or not? You heard our colleague, the gentleman from Ohio [Mr. TRAFICANT], who really hit the nerve center of this debate. Will this change improve the conditions of the country economically?

A program like the energy tax clearly costs jobs. It will make American industry noncompetitive in the world marketplace, because no other country in the world taxes its Btu's or its raw energy. Every product produced overseas from energy is going to be sold in the world marketplace at a price cheaper than our products.

I predict there will be no new refineries built in the United States in the future, no new petrochemical industries, no aluminum industry plants, glass plants, other types of manufacturing that uses a lot of energy. That result must surely cost jobs across this country—high paying manufacturing jobs.

□ 1700

I have not heard from the Democrat side, Look at all of the job creation in our program, because it is not there. It is the other way around. Americans should understand that as you reduce jobs, you reduce the tax base, the productive private sector that generates revenue for the Federal Government.

It is clearly the wrong path. Let us try something new that the American people have cried out for: cut spending and cut it in the first 2 years and cut it again more in the third, fourth, and fifth years.

That is what Kasich alternative would do.

I urge my colleagues to have the courage to vote for spending cuts instead of massive tax increases that will destroy jobs, that always destroy jobs which are essential to improving our standard of living, our productivity and our competitiveness in the world marketplace.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

(Mr. PAYNE of Virginia asked and was given permission to revise and extend his remarks.)

Mr. PAYNE of Virginia. Mr. Chairman, I rise in strong support of H.R. 2264, the Omnibus Reconciliation Act of 1993.

This vote will be a very difficult vote for many of us, in part, because the public's attention has been shifted away from exactly what it is we are doing here today.

The fact is, by voting "yes" for this bill we are saying to our constituents that a majority in the House is willing to reduce the Federal budget deficit by nearly one-half trillion dollars over the next 5 years.

By voting "yes" we are saying to our constituents that Congress and the President are finally going to take responsibility for controlling the growth of entitlement spending.

And by voting "yes" for this bill, we are saying to our constituents that we are serious about keeping interest rates low and helping to create jobs—good jobs—all across America.

None of us really looks to voting for a bill that will both raise taxes and reduce spending on programs which are popular with millions of Americans. But this is the only way we will accomplish the goal of significantly reducing the deficit and its crippling effects on our economy.

By reducing the Federal budget deficit by nearly one-half trillion dollars over the next 5 years, we will increase the capital available to businesses—large and small—to expand and grow and hire new workers.

By reducing the Federal budget deficit by nearly one-half trillion dollars over the next 5 years, we will reduce the long-term cost of borrowing money for every business in America.

Mr. Chairman, we can not fail here today. For the price of failure for our economy, for our Government, and for our constituents is too high.

I urge my colleagues to vote "yes."

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. I thank the chairman for yielding.

The gentleman on the other side of the aisle have talked about the fact that there is going to be massive tax increases to the American public. That just is not so.

We are trying to increase taxes and reduce the budget deficit because we want long-term growth in the economy.

The fact is there has been a lot of misinformation given: 78 percent of the senior citizens in America do not pay taxes now, and under this proposal 78 percent of the seniors will not be paying taxes after the bill passes and becomes law.

In addition to that, two-thirds of all the tax increases in this proposal over the next 5 years will be paid by families making $200,000 or more a year. Now, I wonder who we are trying to protect here. Are we trying to protect the wealthy? In fact, those people who make $20,000 per year actually have a tax decrease in this particular budget.

So this proposal protects middle-income people and reduces the budget deficit in the future.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE], a member of the committee.

(Mr. CRANE asked and was given permission to revise and extend his remarks.)

Mr. CRANE. I thank the gentleman for yielding to me.

Mr. Chairman, according to the Tax Foundation, the energy tax will kill over 1,000 jobs in each of the previous two speakers districts. And in my own district it is calculated to kill over a thousand jobs, too. I thought I would pass that on as just a little frame of reference.

Mr. Chairman, Harry Hopkins was probably the most brilliant political adviser in the history of mankind. Back in the thirties he taught our colleagues on the Democratic side the formula for success: Tax, tax, tax; spend, spend, spend; elect, elect, elect.

And it is brilliant, and they are still engaged in it with a vengeance.

At the rate we have gone in past history, they can anticipate other 60-odd years of virtually uninterrupted control of the Congress, and now they have the White House, too. They come at us this time with the largest tax increase in the history of this Nation, the largest tax increase in the history of civilization, as a formula for trying to get economic growth and create jobs? There is not an economist on the face of this Earth either liberal or conservative who has ever attempted to suggest that tax increases create wealth in the economy, create growth in the economy, create new job formation and create new jobs. The fact of the matter is it is counterproductive and as destructive as it could be.

Second, however, the components of this bill, especially with that Btu tax in there, imposes the most regressive form of taxation imaginable.

In committee, I proposed, since there was an independent foundation study showing Btu tax input on health care is a cost of over $4 billion a year, an amendment to spare the health care industry. Yet in committee, it was shot down on a straight party-line vote.

For goodness sakes, why don't we exempt health care, why don't we exempt food? Whenever we pass sales taxes, we traditionally exempt food and medical prescriptions at the checkout counter. You do not want to hammer those people who are hanging on by their fingernails when it comes to the necessities of life. Yet that is what we are doing in that tax. I submit to my colleagues this is a mistake, let us go back to the drawing boards.

Mr. Chairman, I rise to express my opposition in the strongest terms to the legislation before us today.

The Omnibus Budget Reconciliation Act of 1993, otherwise known as the Clinton tax bill, will be an economic disaster for the economy and the taxpayers. This is a tax increase which is not only the largest in the history of this country, but is the largest in the history of civilization. Let me emphasize—nothing in the history of civilization. Let me emphasize—nothing in the history of taxes rivals the bill we have before us today. Yes, Bill Clinton is certainly out to make his mark on history.

Mr. Clinton's tax bill does violence to anyone who is trying to work for a living, save money for retirement, or start and maintain a small business. In addition, this bill will hurt American companies in their efforts to compete with foreign companies around the world, a fact which means one thing—lost American jobs.

But these are general observations, let me recite some specifics, for as Ross Perot is apparently fond of saying, "The Devil is in the details."

CLINTON ENERGY TAX

Perhaps the most damaging provision of the entire bill is Mr. Clinton's $72 billion energy tax.

This tax is regressive—that is, it hurts the poor and middle income family because they will pay a disproportionate share of this tax. Unlike sales taxes, Clinton's energy tax does not exclude basic necessities like food, medicine and clothing—it hits literally every product and service you can imagine.

This tax is hidden—unlike a sales tax, the American consumer will not see a line item on their bill identifying what portion of their expenditure is a result of the Clinton energy tax.

This tax is anti-competitive—it raises the cost of American products and hurts our ability to compete abroad.

This tax will significantly increase the cost of health care in this country. One estimate suggests that it could cost our health care providers over $4 billion per year. I offered an amendment in the Ways and Means Committee to provide a tax credit to health care providers to reimburse them for increased costs attributable to the energy tax. In short, this was an effort to keep health care costs from rising anymore than they already have. My amendment was defeated on a straight party line vote. All 14 Republicans supported my amendment all 24 Democrats opposed it.

Did not candidate Clinton say he wanted to hold down the cost of health care? Did not candidate Clinton say he was going to give low- and middle-income families a tax break? Did not candidate Clinton say he wanted to increase our competitiveness and create jobs? What was Mr. Clinton thinking when he proposed this massive energy tax? Apparently all his statements last year were simply meaningless campaign rhetoric.

TAX ON SOCIAL SECURITY RECIPIENTS

Taxes on Social Security—this bill dramatically increases the taxes on Social Security recipients. In other words if you have saved for your retirement you are penalized for your thrift. Retirees will be doubly hit by this tax increase and the Clinton energy tax. How does Mr. Clinton propose that seniors cope with increasing taxes on fixed incomes.

TAXES ON SMALL BUSINESSES

Small businesses will be hurt by this package. Not only will the Clinton energy tax drive up the cost of providing goods and services, but this legislation directly hits the small business community and their employees in other ways. For example, Mr. Clinton proposes to cut the deduction for business meals nearly in half. Does Mr. Clinton understand the effect this will have on restaurants and their employees? What will Mr. Clinton tell the waitress or waiter who losses his job because of this provision? Moreover, does Mr. Clinton appreciate the fact that small businesses who do not have the huge advertising budgets of large companies, use the business lunch as a vital tool to bring in new customers and clients? Does Mr. Clinton care about those of you out there who want to pass your businesses on to you sons and daughters when you die? Apparently not, because Mr. Clinton has proposed raising Federal estate tax rates as well. No, even in death you cannnot escape Mr. Clinton's taxes.

IMPACT ON THE ECONOMY AS A WHOLE

Finally, and most importantly, how is our economy supposed to grow and create jobs when roughly $300 billion is taken out of the private sector to be consumed by the Federal Government? How does taking $300 billion from the American people prompt consumers to spend more money on goods and services— consumption that stimulates economic expansion? How does Mr. Clinton think small businesses are supposed to get their hands on capital to expand, when the pool from which to draw that capital has just been diminished by billions of dollars?

MORE TO COME

Amazingly Mr. Clinton is not done. The $322 billion in new taxes in this bill does not include the billions of dollars in new taxes that the Clintons propose to raise to finance their health care proposals. Does Mr. Clinton think that the pockets of the American taxpayers are bottomless? Does he not understand that the American people are not under-taxed? Does he not understand that the problem is spending?

Perhaps Mr. Clinton is not familiar with the facts. Let me recite the facts for him. In 1980, revenues to the Federal Treasury were $500 billion. by 1992, revenues had more than doubled to $1.1 trillion. Yet our deficits continued to grow which means spending grew at an even more alarming rate. No, Mr. Clinton, the Federal Government does not need more taxpayer dollars, and candidate Clinton was right when he said that what American's need is tax relief. Unfortunately Mr. Clinton's ability to keep promises is apparently rather limited.

LESSONS FROM HISTORY

I should not have to remind my colleagues, but as a former history professor, let me, once again, recite some every recent history—the 1990 budget deal. Mr. Clinton's budget proposal sounds a lot like the budget deal of 1990—except on a much grander scale. In 1990 the Democrats promised President Bush that is he supported tax increases, Congress would cut spending. Well, we got the tax increases, but we never saw the promised spending cuts. In fact, for every dollar increase in taxes due to the 1990 budget deal, we actually got a $2.37 increase in spending in return. Indeed, historically for every dollar increase in taxes, Congress has increased spending by $1.59.

Are we doomed to repeat the mistakes of the past? How many times do we have to fall for Mr. Clinton's line—the line that says "I'll give you tax increases today for spending cuts tomorrow?"

CONCLUSION

Mr. Chairman, my constituents have been telling me to cut spending first. To that end I supported the budget proposal offered by Republicans which proposed real spending cuts in order to reduce the deficit. Mr. Clinton has proposed to increase taxes first, and his spending proposals promised for later are anemic at best. I will not be a party to this effort to repeat the mistakes of our past. In my view, the leadership of the other party wants to follow Mr. Clinton like lemmings over a cliff. If they were doing so at the expense of only themselves that would be one thing—unfortunately, if they follow Mr. Clinton's lead it will be at the expense of the American taxpayer and the economic prosperity of this country.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin, [Mr. OBEY].

Mr. OBEY. Mr. Chairman, I want to take this time to respond to the wacko study on job loss that has just been quoted on this side of the aisle. What that study by the Tax Foundation does is stitch together two separate economic studies, one by DRI, which runs six scenarios. They used the worst possible scenario, make no adjustment whatever for lower interest rates, and somehow come up with the conclusion that there is a job loss in everybody's district.

DRI very specifically said they have not authorized the use of their study in that manner, they have run no studies of the Btu tax by Congressional district. It is a phony use of it, as far as I am concerned.

Then they stitched together a second study done by—guess who—the American Electric Power Company. Now, if you think that is an independent analysis to determine job growth, I have got a bridge I will sell you.

The stock market, in contrast, is voting on this package, second day in a row, new record highs. They are betting this program will succeed; we should, too.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Louisiana [Mr. JEFFERSON].

Mr. JEFFERSON. Mr. Chairman, I am privileged to serve as a member of the Committee on Ways and Means and a Member of this House of Representatives at this time which is so critical to the fiscal and economic future of our country. We, my colleagues, are all privileged. For the time rarely comes in public service that a singular enactment—act—can literally change the course of our country for years to come.

The arguments against reconciliation are broadly mischaracterized. In my State of Louisiana, an energy State, the effect of the administration's program is not a net loss due to new taxes, but actually a net gain of $528 million dollars in economic growth when the benefits of the overall plan are figured in.

It is important that we recognize the solemnity of our decision here today and that we posit the right question.

While the discussion has focused principally on the drawbacks of the choices placed before us today, the larger question is not what will happen if we do act, it is what will happen to our country should we fail to act at this crucial hour.

If we fail to act today to cut $496 billion over the next 4 years, we will add $4,000 in public debt to each of 106 million households in our country over that period.

If we fail to act, we will see interest rates grow, costing a middle-class family in our country far more to buy a car or a home than the modest tax increases involved in this Budget Reconciliation Act.

If we fail to act, we will miss the fresh opportunity offered by this bill to small businesses, to real estate investors, and to the larger corporate community to create jobs and grow our economy.

It is hard to think of this messy, complicated deficit reduction package as having historic and heroic dimensions, but it does. And it's hard to think of some of our Members who are making tough and politically risky votes for it as heroes or heroines, but they are.

By how we see our work today, will we define our future. Let us see the proposition and the duty that now lies before us. Let us rise to the call for action as this House and our institutions of government have managed to do over the life of our great country. It is our time. This is our moment. Let us not fail to seize it. I urge my colleagues to vote "yes."

☐ 1710

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Chairman, it has been said here by the ranking minority Member that there is a vast difference here. There is. It is not between those who support taxes and those who do not. It is a difference between real stuff and rhetoric.

There has been much talk on this floor about jobs. A key to jobs is deficit reduction, and I stand up and proudly say that as someone coming from the industrial heartland.

The plan before us is the best, indeed the only hope for deficit reduction. There will have to be a deficit reduction II relating to health care. When you look at the figures in the seventies, Medicare and Medicaid, the growth in them were less than 20 percent of the total growth in entitlements that went up in the eighties to 45 percent. It is estimated that in the mid and late 1990's, unless there is a change, it would represent two-thirds of the growth in entitlements. We took a step toward controlling that with the provision in here relating to entitlements. We are going to have to go further in deficit reduction II reforming the health system of this country.

We have a chance now to pass deficit reduction I. Let us do it and do it proudly.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. ANDREWS].

Mr. ANDREWS of Texas. Mr. Chairman, today we take a hard step toward reducing the bloated Federal budget deficit, a $500 billion reduction, half of that coming from hard spending cuts.

On the discretionary side, a freeze for 5 years at 1993 levels. No increased spending.

On the entitlement side, for the first time a hard discipline, forcing the President and the Congress to act to keep spending within the budget that was just enacted by the House.

Second, the Btu tax has been modified. Changes have been made in that tax and further changes will be made to ensure that our energy industry can compete in an international marketplace.

Let me mention one aspect of this reconciliation bill that is important, important to the real estate industry, in my part of the country, in the southwest, and in New England, areas that have been hard hit by a recession and a lagging economy. The real estate industry was singled out in the late eighties and hit very, very hard in the Tax Code and in the marketplace.

What we have done in reconciliation is to allow real estate professionals to offset their losses from their gains, like any other professional business.

In addition, we are allowing real estate professionals with debt service to pay that out over time as opposed to being forced into foreclosure and forced to walk away from properties, an act that is happening over and over again in my part of the country.

This is an important step. Yes, you can run, but you cannot hide from this budget deficit. Today is an important day to make a first step. It is not fun. It is going to be harder before we are there. To get to a balanced budget, we have got to cut spending and we have got to raise reasonable revenue.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. THOMAS], a member of the committee.

(Mr. THOMAS of California asked and was given permission to revise and extend his remarks.)

Mr. THOMAS of California. Mr. Chairman, I would just tell my friends on the other side of the aisle who preceded me that, according to the study by the Tax Foundation, about 4,500 jobs would be lost; but let us agree that the study was somewhat flawed. Let us cut it in half, that 2,000 people are going to lose those jobs. I still believe those should be retained.

Let me tell you, what you do not know can hurt you. I told you earlier today that despite all of my searching through all the language written down on the administration's position, on the joint tax position, and on the committee's position, that those rate increases were going to be indexed. They all said it.

In response to a question, the chairman said, "What is written down is what will be done."

I showed you, and this bill shows you that in fact bracket creep is back with us, that what was said cannot be believed.

Now, let me tell you, for those of you who have not read every page, let me tell you what is in this bill, and especially for those of you on this side of the aisle who are my friends who were called by the chairman of the Health Subcommittee crackers for health care, and who might have an interest in a managed competition concept that we are going to be dealing with in a few short months., and who do not believe that this is Armageddon and everything has to be done today or not at all, I invite you to look at title XIII, chapter 3, in sections 13-521 to 13-530. If you believe managed competition is an idea that will meet some of our health care needs, if you believe that professionals organized together in various associational groups will help us solve our problem, as I believe the First Lady's task force does, then you should not vote for this bill.

A simple example. Under the 1993 open enrollment plan for all members in the Federal Government, were this bill to be law, of the 14 plans available to you, 9 would no longer be available.

The one plan available to all members—a Governmentwide plan—Blue Cross and Blue Shield, would not be available.

The plans open to all, six of them not available.

The BACE plan, which I think most of you are in, the Beneficial Association of Capitol Employees, would not be available.

You could, in terms of those plans open to specific groups, belong to the Panama Canal area plan. You could belong to the Secret Service plan.

You are going to have very few plans available; 9 of the 14 plans currently offered are not going to be available if the health care section becomes law.

Believe me, what you do not know in this bill can hurt you.

Then of course, what you thought you knew can hurt you also, because they simply are not honest.

Mr. Chairman, I have a very personal reason for opposing this tax bill: it puts thousands of jobs in my district at risk. In fact, anyone voting for this bill is voting to put people out of work and curtail oil production in Kern County, CA. When the administration is saying our goal should be increasing employment and competitiveness, the bill clearly goes in the wrong direction.

The administration would like people to believe that the bill has addressed the most important Kern County production problems by taking the Btu tax off natural gas used for enhanced oil recovery and by allowing producers to burn their own crude oil tax free. Let me assure you, the administration's so-called Kern County fix does not fix anything at all. In the very real, competitive world of oil production, the Btu tax will put many producers out of business.

To put the situation in perspective, Kern County produces over 600,000 of the nearly 850,000 barrels of oil California produces every day. The bulk of Kern County's production is heavy oil, defined as 20 degrees API gravity or less. The average yield of residual fuel oil on Kern County heavy oil is 65 percent, meaning that refiners' and producers' survival depends on sales of a low-value product. Refiners cannot avoid producing residual fuel oil. They can invest in new equipment that might alter the amount of residual refining yields, but such equipment is expensive and many California refiners are already having to make difficult investment choices just to meet Federal and State environmental laws.

Residual fuel oil, oddly enough, has a high Btu content; the bill before us reflects that by assigning residual fuel oil the highest Btu factor 6.486 of any refined petroleum product. The Btu tax on residual fuel oil, $3.95 per barrel, is 25 percent to 28 percent of current price of resid. Bluntly, the Btu tax in this bill threatens all those people who work in and depend on this industry.

In spite of changes in the President's Btu tax made by the Ways and Means Committee, Kern County oil producers and refiners will still have a problem selling residual fuel oil. Under the bill before us today, utilities will collect tax on electricity based on the fuels each utility uses. Taxes will be determined on a utility-by-utility basis. Rates will be set monthly. Because residual fuel would carry a high tax rate, $3.95 per barrel, utilities would be discouraged from buying it even though the utilities get to pass the tax through to consumers.

The consequences of this tax will be drastic for California oil producers, refiners, and their employees. This tax will clearly cut California oil production by 81,000 to 127,000 barrels a day in the first 5 years. In total, anywhere from 150,000 to 300,000 barrels a day would be shut in in the decade following the tax's full implementation.

Those production losses mean lost jobs in California. One estimate shows a loss of 6,154 to 11,529 jobs 5 years after the tax takes effect, and 9,244 to 16,955 in 10 years. Between 40 percent and 50 percent of the impact will fall in Kern County. Other estimates show the job loss could be anywhere from 16,000 to 22,000 jobs.

These are good jobs. The average salary in the industry is $45,000. If this bill passes, California will ultimately lose anywhere from $200 million to $400 million in wages every year. That is a tough burden to bear in a State like California where unemployment is over 9 percent and especially in Kern County where unemployment is almost 2½ times the national rate.

I cannot support a bill with such serious implications for people in my district.

Mr. Chairman, I have a procedural reason for opposing the bill, one that should concern every Member of the House. This bill contains a provision that is not before us as a result of appropriate procedure. Every Member of the House should be outraged at its appearance in the bill because the process through which it was included threatens every Member's ability to protect his or her constituents by relying on the procedures of the House.

The section I am concerned about says that indexing the President's two new tax rates to protect taxpayers from inflation-induced bracket-creep will not begin until 1995—2 years after those rates go into effect on January 1, 1993. The delay, which takes another $636 million from Americans, is hardly insignificant. Its use is also totally inappropriate for anyone who believes in truly representative Government.

I can assure you that this indexing delay was never discussed when Ways and Means reported the tax bill May 13. It was not revealed in the documents presented to Members. Staff did not mention it in their explanation of those documents. When I specifically asked the chairman of the Committee on Ways and Means if the documents lacked anything that would appear in the actual bill language, I was assured they did not. The only possible way this provision should be in the bill is to accept a disingenuous explanation that the indexing delay, which was never revealed prior to the committee's vote to report the bill, was a technical change staff was given permission to make after the bill was adopted to ensure Members' intent was realized.

No one can realistically claim that $636 million is a small sum or that a significant change in the effective dates on a key tax provision is somehow technical. Yesterday, I asked the Rules Committee to address this impropriety by striking the provision from the bill. As a result of the Rules Committee's failure to do so, none of us can guarantee our constituents that their rights have been protected through the procedures upon which every Member of this House relies. Every Member should put aside the politics involved in this bill and consider just what accepting the indexing provision will mean: It would be sanctioning procedures that allow Members to be incorrectly informed about key components of a bill which they are asked to address in the name of the people in their districts. The procedure used here is unacceptable to me and it should be to my colleagues as well.

Even Members who are willing to pass the biggest tax bill in history, who are willing to distort U.S. energy production and cause chaos throughout industry, should be concerned about this matter. What some would term a minor provision is in fact a threat to the processes our constituents expect us to employ in their interests. The bill is worth rejecting on that basis.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. CARDIN].

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Chairman, the time to act is now. The bill before us is a good bill. It is a bill that will be real in deficit reduction. It is balanced, half in real spending cuts, half in revenues, all calling for deficit reduction, and it is fair.

Despite the emphasis that my colleagues are putting on the Btu tax, what impact that will have, the Btu tax will raise revenue for deficit reduction. It will help us in energy conservation.

When the tax is fully implemented in 1998, including the Btu tax, for an individual whose income is $50,000 or less on average, will pay an extra $23 a month.

For those at $200,000 or more, $1935 a month more.

It is a fair, balanced package.

My constituents want action. I urge my colleagues to support the bill.

Mr. Chairman, I rise in support of the reconciliation bill. It represents the most honest, serious plan for deficit reduction that we have ever considered in the House of Representatives.

For the past dozen years, Republican administrations and Democratic Congresses talked about the deficit, but nobody did anything about it.

This bill marks the end of the talking, and the start of doing something. It's about time.

Over the past dozen years, the Federal budget deficit has risen steadily from under $100 billion, to $200 billion by the middle of the decade, to over $300 billion by the end of the decade.

The deficit in fiscal year 1994 will be $300 billion if we do nothing, if we just go on talking about the deficit. This reconciliation bill chops $500 billion off the deficit total over the next 5 years. Along with the limits on appropriations, it will reduce the deficit in the fiscal year that starts in October by $42 billion.

In the fifth year of this bill, it will reduce the deficit by more than $160 billion. If you want to cut the deficit, if you want to put an end to the growth of Government borrowing, if you like low interest rates, if you want to make more capital available for private investment, you should act now and support this program. The amount of deficit reduction in this bill will, in the opinion of two Nobel Prize-winning economists, make room for a 40 percent increase in spending on capital equipment, financed by private saving that otherwise would get consumed by Government borrowing.

This plan cuts spending. It cuts $87 billion in net direct spending. It includes enforcement provisions that will cut another $102 billion through appropriations process. It will achieve savings of $55 billion in interest costs.

The spending cuts are real, and tough, and they will hurt. The plan cuts $59 billion just in Medicare and Medicaid. It doesn't make promises, it makes cuts.

The bill includes another $28 billion in entitlement cuts, in agriculture, education, housing, natural resources, veterans, and Federal employee and retiree benefits. This is strong medicine, to get the job done.

In addition to the program spending cuts, the package will reduce Federal borrowing costs by $55 billion over the 5-year period. For too long, interest payments on the national debt have been the fastest rising area of Federal spending. These payments don't buy a single scholarship, feed a single child, repair a single highway, or meet any other Federal policy priority. Under this plan, we start to turn things around, and slow the growth of interest payments.

Actually, the bill reduces interest payments in two ways. First, by reducing the deficit, it will lower our outstanding indebtedness, on which we pay interest. Second, and more important for the economy, the bill sends the clear signal to the bond markets that we are serious about deficit reduction, which encourages the market to keep interest rates low.

In addition, the bill includes the enforcement provisions that will freeze discretionary spending at current levels for the next 5 years. This provision will save $102 billion over the next 5 years.

The other half of the deficit reduction comes from taxes. The tax increases included in the bill are imposed overwhelmingly on the wealthiest 2 percent of Americans and corporations with incomes greater than $10 million.

Over 95 percent of American families will have no increase in their income taxes. After the Btu tax is fully phased in, in 1996, the monthly tax increase from the President's entire package, including the Btu tax, on a family with income under $50,000 will be less than $23 a month. Those with incomes above $200,000 will pay an additional $1,935 a month.

Mr. Chairman, this program is real. The spending cuts and new revenues go for deficit reduction. The program is balanced. New revenues are matched by spending cuts. The program is fair. It puts the tax increases on those who can most afford to pay. And the program will work. It puts our country on the road to fiscal stability and economic growth. I support it, and I urge its passage.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Chairman. I thank the gentleman for yielding this time to me.

I just would like to say that my colleague, the gentleman from Maryland [Mr. CARDIN] who just spoke, if this bill passes it is going to cost his district 1,219 jobs, and I hope he thinks about that.

□ 1720

Now, many of my colleagues on the other side of the aisle said they were going to control entitlements. Let me tell America about an entitlement that they have not talked about. They put a new entitlement in here for emergency health care for immigrants costing $300 million, a new entitlement, not an old one.

Now why are they doing that? Because they want to help some of those States that have illegal aliens coming in that are having children.

But let us look at what has been going on. In California they have a program called the MediCal Program, and I want to read to my colleagues from a brochure from California about what they are doing.

They say that the law has changed and the new law will help you if you are going to have a baby even if you are an illegal alien or if you are here under an amnesty program. Will it affect my amnesty? No. If I am here illegally, will it be reported? No. And finally they say: Remember the information you give to the worker is confidential. It will not be reported to immigration.

Last year in Los Angeles County alone, and get this, America, there were 37,000 illegal alien babies born, and each one can get AFDC totaling $620 a month. That is $25 million a month that is being paid out for AFDC for illegal alien children.

And what are they doing about it? They are adding a new entitlement for $300 million to help pay the State's portion of that cost. Up until now the State paid half of it. But now they are going to pay all of it from the taxes from around the country.

They say this is a responsible budget. It is going to cost more in taxes, the largest tax increase in history. It is going to cost jobs. It is going to hurt the economy.

And what else are they going to do? They are inviting illegal aliens from Latin America and Mexico to come to this country to have babies that our constituents are going to pay for with AFDC payments, and they are going to be American citizens. I say, "We shouldn't be doing this. It's a mistake. It's a new entitlement, and they are putting it on your backs."

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself 4½ minutes.

Mr. Chairman, I rise in strong support of the President's economic plan for reducing the deficit and revitalizing the economy. The 103d Congress is about to be tested, and the entire country will be watching.

Taxpayers all across America are tired of the constant bickering in Congress and demand action to reduce the deficit. And our constituents want to know if we have the fortitude to take a tough vote to improve the economy.

We cannot shrink from this challenge, even through our Republican colleagues will not, by choice, join us in making the difficult decisions necessary to govern our great Nation.

Mr. Chairman, when we passed the budget resolution conference report 2 months ago, the Committee on Ways and Means faced an ambitious task: approve nearly $300 billion in deficit reduction. I am proud to stand here today and report that the committee was on time and on target. We approved the President's plan, with some modifications, to ensure that those taxpayers with the ability to pay fulfill their responsibilities and that program cuts are fair and protect the needy.

Some claim this bill includes the biggest net tax increase ever. The are wrong. The tax bill that Ronald Reagan signed in 1982, measured in 1993 dollars, was over $50 billion bigger.

What we do face, however, is the biggest deficit in history—three times as large as it was in 1982. It is not a small problem, and it will not be cured by small talk and political posturing. It demands a vigorous yet fair response. This bill provides that response.

I want to be clear—this bill requires sacrifice. But the sacrifice is small compared to the price of continuing on our present course, risking our fiscal integrity and the standard of living for ourselves, our children, and our grandchildren.

THE REVENUE INCREASES IN THE LEGISLATION ARE FOCUSED ON UPPER-INCOME TAXPAYERS

About two-thirds the revenues in the legislation will come from persons making over $200,000. And even for these persons, the increases are modest. The bill creates a new 36-percent bracket for married couples with taxable income over $140,000 and a 10-percent surtax on incomes over $250,000. These new rates are still well below the top rates that had been in effect prior to tax reform in 1986.

Business, as well as individuals, are required to contribute to deficit reduction. The bill provides for a 1-percent increase in the corporate tax rate for taxable income over $10 million—a prudent increase, large enough to be meaningful but not so large as to be disruptive to economic recovery, competitiveness and job development.

THE BROAD-BASED ENERGY TAX IS A POWERFUL ENGINE FOR DEFICIT REDUCTION

It raises over $70 billion over the budget period. But it also serves other goals. It is fair to taxpayers in all regions of the country. It encourages use of clean fuels and renewable, and it encourages conservation.

But the impact on U.S. households is modest—an average of about 17 dollars a month, counting all direct and indirect costs, beginning in July, 1996, when the tax is fully phased in. To ensure that this burden does not fall on those least able to pay, low-income families will benefit from increases in the earned income tax credit, and other programs.

The Committee on Ways and Means, working closely with the administration, has attempted to ensure that no one is unduly burdened by the energy tax.

Under the bill as modified in committee, a partial exemption for hearing oil cushions the effects of the tax on regions of the country that rely extensively on heating oil. Similarly, a partial exemption for on-farm diesel and gasoline use protects farmers who consume large amounts of energy in farm operations. Adjustments are also made for industries that use energy as feedstocks, such as the fertilizer and aluminum industries, to ensure that they are not unfairly taxed. A border adjustment for imports of energy-intensive products ensures that domestic manufacturers are not placed at a competitive disadvantage in our domestic markets.

THE BILL CREATES WORK INCENTIVES AND JOBS

Under this bill, through expansion and simplification of the earned income tax credit, no American family with a full-time worker need live below the poverty line.

Furthermore, the bill promotes opportunities for jobs and enhanced skills by permanently extending the targeted jobs tax credit and expanding it to include a new school-to-work program. The employer-provided educational assistance program would be extended permanently.

Also included is a $5.3 billion investment in enterprise and empowerment zones designed to help rebuild America's distressed cities and rural areas.

In addition, the bill increases opportunities to find affordable housing by permanently extending the low-income housing tax credit and enhancing its availability in the 110 empowerment zones and enterprise communities that will be designated under this legislation.

THIS BILL CREATES JOBS FOR AMERICAN BUSINESS

To free up cash-flow for small businesses, the bill allows immediate expensing of $25,000 in depreciable assets—well above the current $10,000 limit.

In addition, the legislation provides small businesses with greater access to tax-exempt financing and provides incentives for people to invest in specialized small business companies, to make it easier for these companies to attract much-needed equity capital.

The bill also provides needed assistance to the real estate industry by providing relief from the passive loss rules for business men and women who materially participate in real estate businesses. It provides a boost to local real estate markets by providing tax relief for the restructuring of business debt secured by real property. To encourage the construction of additional housing for low-income families, the bill extends the low-income housing credit and mortgage revenue bonds program permanently.

The bill extends the 25-percent deduction for health insurance premiums paid by self-employed business men and women.

THE BILL WILL HELP US COMPETE IN THE GLOBAL MARKET

It extends permanently the research and development credit and ends years of uncertainty by providing a permanent 50-percent research and development allocation rule for U.S. multinational companies. These changes will enhance incentives for domestic companies that conduct long-range research and development in this country.

The bill also encourages U.S.-controlled foreign corporations to repatriate amounts that are earned abroad and that are not re-invested in an active business. However, in response to concerns about harming U.S. competitiveness abroad, the Ways and Means Committee agreed not to include the administration's proposal to increase taxes on royalty income earned abroad by U.S. companies.

Foreign persons doing business in the United States are also required to pay their fair share of tax, through changes in transfer pricing rules and changes in the so-called earnings stripping rules.

It also extends the generalized system of preferences. Known as "GSP," these tariff suspensions for non-sensitive imports foster economic development and overseas markets for U.S. exports to developing countries. They also provide leverage to reduce barriers and enhance protection of intellectual property rights in those countries, and they lower input costs for U.S. manufacturing. A 3-year extension of the Trade Adjustment Assistance Program for workers is also included to insure continued retraining and income support for workers dislocated by foreign competition.

The bill extends, as well, the "fast-track" negotiating authority or the Uruguay round of multilateral trade negotiations. President Clinton has indicated that, assuming he is granted this authority, he will bring these negotiations to a close by the end of this year on terms favorable to the United States. A conclusion of the Uruguay round should provide a much-needed boost to world economic growth.

The bill also includes a 3-year extension of the authority to impose customs user fees to offset the costs of U.S. Customs Services, and 2-year authorizations of appropriations for the U.S. Customs Service, the Office of the U.S. Trade Representative, and the U.S. International Trade Commission.

THE BILL ALSO PROVIDES NEEDED BROAD-BASED TAX INCENTIVES THAT HAVE CONSENSUS SUPPORT IN THE HOUSE

The bill promotes capital investment by providing more generous depreciation schedules for companies subject to the alternative minimum tax.

The legislation repeals the luxury tax on boats, airplanes, jewelry, and furs, and indexes for inflation the $30,000 threshold for cars.

The bill encourages gifts of appreciated property to universities, museums, and charities by reinstating the minimum tax benefits for gifts of tangible personal property and expanding it to cover other types of property.

This bill delivers on the President's commitment to meet basic needs while controlling spending.

It authorizes $1.5 billion in spending on family preservation programs that can help families avoid foster care, and it creates a $2.1 billion trust fund to finance childhood immunizations for Medicaid-eligible children and those without health insurance coverage for immunizations.

We take steps to control Medicare costs, by approving interim controls on reimbursements, pending the passage of health care reform. Together, the Medicare reductions total $50.4 billion over 5 years.

The bill would extend several expiring programs that provide assistance to rural and inner-city hospitals. These include continuation of special payments for small, rural Medicare-dependent hospitals and regional referral centers through fiscal year 1994. Authorization for the Essential Access Community Hospital Program and the Rural Health Transition Grant Program would also be extended. In addition, the separate Medicare reimbursement for the reading of electrocardiograms would be restored.

The bill would also extend the current physician ownership and referral prohibition beyond public health programs and to additional services and payers. The exceptions in current law to the general ban on referrals would be continued with a series of modifications.

In addition, the bill contains a 2-year extension of the existing 0.2 percentage point Federal unemployment surtax. This surtax was first passed in 1976. It has been extended three times, in 1987, 1990, and 1991. The administration asked for this extension as part of the President's additional proposals to help the committee meet its deficit reduction target and to help refinance the extended benefits program. With this extension, the extended benefits program is projected to be nearly fully funded by the end of 1998.

Mr. Chairman, I would also like to make technical comments on two provisions of the bill:

First, in permanently extending the research credit, the Committee on Ways and Means affirmed congressional intent that neither the enacting of the credit in 1981 nor the targeting modifications to the credit in 1986 affected the definition of "research or experimental expenditures" for purposes of section 174. The reasons for passing H.R. 1137 in 1954 were to provide certainty with respect to the tax treatment of R&D expenditures and to encourage taxpayers to carry on research and experimentation. Those reasons for enacting section 174 are even more important today given the increasing global market competition our industries now face.

Toward this end, the newly proposed Treasury regulations under section 174 contain modifications to clarify the broad scope of the section by pointing out that research and experimental expenditures are the costs related to activities intended to obtain data needed to eliminate uncertainty concerning the development or improvement of a product. I believe this action underscores and clarifies that it is Congress' intent that expenditures for the applied engineering required to develop a commercially feasible product and create U.S. jobs are deductible under code section 174.

Second, the bill provides an exemption for the feedstock portion of electricity used in electrolytic processes. Electrolytic processes are used to produce aluminum, chlor-alkali products, copper, magnesium, sodium, zinc, and other products. This exemption only covers the portion of electrical energy incorporated into the manufactured product. For example, in the case of aluminum smelting, it is my understanding that approximately half of the direct current electricity provided as an input to the electrolytic cell is incorporated in aluminum. I understand that approximately 70 percent of the direct current electricity is incorporated in the chlorine, caustic soda and hydrogen produced in the electrolytic process. It is also my understanding that the Secretary of the Treasury may determine a different percentage to be appropriate based upon review of the processes involved.

Mr. Chairman, this is the first reconciliation bill I have processed through my committee under a Democratic President. It wasn't easy—writing legislation to raise taxes and cut spending never is.

Mr. Chairman, I say to my colleagues that the President's revenue package calls for vigorous deficit reduction, but it is fairly apportioned among taxpayers in our society who have the ability to pay. There is no credible alternative.

We have but one choice—to lead. Our constituents, our country and the President rightfully expect us to place the good of the country first—I urge my colleagues to support the President and to vote for this bill.

If we cannot govern, if we do not have the strength to vote for positive, significant change, then we do not deserve to represent our great Nation.

Mr. Chairman, I firmly believe that this bill is necessary to begin to set straight our economic house. My belief has been reinforced by the reaction of hundreds of business leaders and associations from across the land who support this package before us today.

Many of them will pay increased taxes under the bill. They do not support this bill as a result of altruism; rather they know that their economic well-being, and that of the Nation, depends on our efforts to reduce the Federal budget deficit.

Mr. Speaker, I would like to include in the RECORD a small sampling of the many letters of support I have received in favor of this bill.

MAY 25, 1993.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, Washington, DC.

DEAR MR. CHAIRMAN: The undersigned companies commend you and your Committee for recent actions which improve the tax provisions of the reconciliation bill. We expect better economic results and better employment prospects to follow from the reported bill. We support the tax bill as restructed and reported by the Committee.

AFLAC Incorporated, AlliedSignal Inc., Ameritech Corp., Anheuser Busch Companies, Inc., Associated Financial Corp.

Avon Products, Inc., Beneficial Corporation, B. P. America, Colgate-Palmolive Company, Delta Air Lines, Inc.

Dow Corning Corporation, Electronic Data Systems, Emerson Electric Co., The GAP, Inc., GenCorp Inc.

General Electric Company, General Mills, Inc., General Motors Corporation, General Signal Corporation, Hallmark Cards, Inc.

Honeywell Inc., Hughes Aircraft Company, IBM, Jim Walter Corporation, Kellogg Company.

Levi Strauss & Co., 3M, Marriott Corporation, Mars Inc., Mercantile Stores Co., Inc.

Owens-Corning Fiberglas Corporation, Philip Morris Companies, Inc., PLY GEM Industries, Inc., Premark International, Inc., The Procter & Gamble Company.

Puget Power Corp., The Quaker Oats Company, Ryder System, Inc., Sara Lee Corporation, Service Merchandise Co., Inc.

Southern California Edison Co., Southern California Gas Co., Southland Corp., Southwest Airlines Co., Tektronix, Inc.

Tenneco Inc., Time Warner, Inc., Valero Energy Corporation, The Walt Disney Company, Westinghouse Electric Corporation.

WHAT CORPORATE EXECUTIVES ARE SAYING

"The Ways and Means Committee significantly improved the corporate provisions of the President's tax proposal, and we, therefore strongly support H.R. 2141, the bill reported by the Committee. Although business will pay several billion dollars more under H.R. 2141, the tax structure is far better than the original proposal for investment and job creation."—E.L. Artz, Chairman of the Board and Chief Executive Officer, The Proctor & Gamble Company.

"By eliminating the investment tax credit and reducing the proposed corporate rate, the Ways and Means Committee substantially improved the corporate tax provisions in the reported bill. Their actions keep those provisions much closer to the bedrock principles of tax reform—the broadest possible base with the lowest possible rates—than did the original proposal and, therefore, we support H.R. 2141."—Bruce Atwater, Chairman of the Board and Chief Executive Officer, General Mills, Inc.

"The tax bill, as modified by the Ways and Means Committee, improves the prospects for better economic growth and international competition."—Warren L. Batts, Chairman of the Board and Chief Executive Officer, Premark International, Inc.

"I strongly support passage of the House budget reconciliation bill. The defeat of the package would mean chaos in the financial markets and would lead to an increase in interest rates. This, in turn, would slow economic growth and job creation."—Clark Matthews, President and Chief Executive Officer, Southland Corp.

"The tax elements which were recently reported by the House Ways and Means Committee and supported by President Clinton represent a reasonable balance between the need to increase revenues, stimulate investment, and ensure the fairness of the tax system.—Michael Walsh, Chairman and Chief Executive Officer, Tenneco Inc.

"To create jobs and growth, the U.S. tax system should have the lowest possible uniform rates and no special preferences. By eliminating the investment tax credit and mitigating the increase in corporate rates, the Ways and Means Committee tax bill moves us in that direction and is worthy of support. However, we also believe that meaningful deficit reduction cannot be achieved without real spending cuts."—John F. Welch, Jr., Chairman and Chief Executive Officer, General Electric Co.

MAY, 25, 1993.

House of Representatives, Washington, DC.

DEAR CHAIRMAN ROSTENKOWSKI: The undersigned 90 groups and the millions of Americans they represent support the President's plan as reflected in the budget reconciliation.

We support President Clinton's objectives of creating new jobs, encouraging growth and investment and reducing the deficit. We believe this package is a requisite first step in achieving our mutual goals and objectives.

We urge you to support the budget reconciliation and to vote in favor of its passage.

Sincerely yours,

AFSCME.
AIDS Action Council.
American Agricultural Movement.
American Association of Museums.
American Council on Education.
American Education Association.
American Federation of Government Employees.
American Federation of Teachers.
American Insurance Association.
American Planning Association.
American Resort Development Association.
American Seniors Housing Association.
Americans for Democratic Action.
Association of Local Housing Finance Agencies.
Bread for the World.
Brotherhood of Maintenance of Way Employes.
Center for Community Change.
Child Welfare League of America.
Coalition on Human Needs.
Coalition to Preserve the Low Income Housing Tax Credit.
College and University Personnel Association.
Communications Workers of America.
Consumer Federation of America.
Council for a Livable World.
Council for Rural Housing and Development.
Council on Research and Technology (CORETECH).
Defenders of Wildlife.
Direct Selling Association.
Environmental Action.
Environmental and Energy Study Institute.
Families USA.
Friends of the Earth.
Human Rights Campaign Fund.
Institute for Responsible Housing Preservation.
International Ladies' Garment Workers Union.
International Union of Electronic, Electrical and Furniture Workers, IUE-AFL-CIO.
Jim Walter Corporation.
League of Conservation Voters.
Manufactured Housing Institute.
National Apartment Association.
National Assisted Housing Management Association.
National Association of Childrens' Hospitals and Related Institutions.

National Association of College and University Business Officers.
National Association of Community Health Centers.
National Association of Home Builders.
National Association of Homes & Services for Children.
National Association of Independent Colleges and Universities.
National Association of Life Underwriters.
National Association of Real Estate Investment Trusts.
National Association of REALTORS.
National Association of Retail Druggists.
National Association of Social Workers.
National Association of Targeted Jobs Companies, NATCO.
National Audubon Society.
National Coalition for the Homeless.
National Consumers League.
National Council of La Raza.
National Council of Senior Citizens.
National Council of State Housing Agencies.
National Council on Independent Living.
National Education Association.
National Employment Opportunities Network, NEON.
National Housing and Rehabilitation Association.
National Housing Conference.
National Leased Housing Association.
National Marine Manufacturers Association.
National Multi Housing Council.
National Neighborhood Coalition.
National Realty Committee.
National Urban League.
National Wildlife Federation.
National Women's Law Center.
Natural Resources Defense Council.
NETWORK: A National Catholic Social Justice Lobby.
NHP, Inc.
NRG Bariers/Saco Maine.
Nuclear Information and Resource Service.
Office of Management and Budget Watch.
Parent Action.
Peace Action.
Physicians for Social Responsibility.
Ryder Systems, Inc.
Truck Renting and Leasing Association.
United Auto Workers.
United Methodist Church, General Board of Church and Society.
United Transportation Union.
Valero Energy.
Women Strike for Peace.
Woman's Action for New Direction.
YWCA of the USA.

SALOMON, INC,
New York NY, May 25, 1993.

Hon. Dan Rostenkowski,
Chairman on Ways and Means, Washington, DC.

DEAR MR. CHAIRMAN: As one of the original corporate Chief Executives who endorsed the President's economic program, I want to commend you and your committee for recent actions which improve the tax provisions of the Reconciliation Bill. With the reduction of the deficit accompanied by the decline in long-term interest rates, we anticipate better long-term economic results to follow from the passage of the reported legislation.

I support the efforts of the President to achieve deficit reduction and the efforts you and the other members of your committee made to perfect this important legislation. I am taking the liberty of enclosing a copy of the op-ed piece I wrote in support of the President's program.

Sincerely,

ROBERT E. DENHAM,
Chairman and CEO.

HUMAN CAPITAL INVESTMENT IN THE PRESIDENT'S ECONOMIC PACKAGE: DANCING WITH THE ONE WHO BRUNG YOU

(By Robert E. Denham, Chairman and Chief Executive Officer, Salomon Inc.)

The deficit-reducing impact of President Clinton's economic package, and the bond market's resulting display of confidence, have received abundant attention from financial commentators. In the long run, however, the most important economic impact of the package may be its shifting of funds toward production-enchancing human capital investments and away from military spending and other production-consuming activities.

Anyone who hires significant numbers of employees in skilled positions knows that many Americans are ill-prepared for the increasingly complex jobs that are being created. Meanwhile, layoffs occurring principally in less-skilled jobs or in jobs requiring obsolete skills are creating a growing pool of the hard-to-employ. In Salomon's businesses, which include securities and commodities trading, investment banking and oil refining, we have seen a steady migration toward jobs that demand increasingly complex skill sets. On our trading floors we need people with advanced math and economics degrees, not high school graduates who develop a "feel" for the markets. In administration and finance, we need advanced computing, accounting and mathematical analysis skills, not bookkeepers.

The same story, in different words, could be told by company after company across the United States, yet educational institutions and company training programs have responded slowly and ineffectively to the higher standards required by today's jobs. A recent study of illiteracy among young American adults found 38.5% unable to read at an 11th grade level and 20.2% unable to read at an eighth grade level. Schools have often been so swamped by the social needs of children growing up underfed, ill-housed and in the midst of drugs and violence that they have been unable to respond to their need for an increasingly complex education. Corporations have generally not taken on the responsibility for basic skills training, preferring to invest in more advanced and job-specific training for people who already have substantial basic skills. The realities of a cold war economy created a paradox that was becoming a trap: defense expenditures impaired our ability to afford human capital investments, while the failure to make these investments impaired our long-term security. Increasingly, we are living off the diminishing returns from past waves of human capital investments.

President Clinton's economic plan carries out a dramatic shift from expenditure to investment, particularly in the critical area of human capital. The human capital investment increases over four years include $8 billion for Head Start, $2.6 billion for the women, infants and children program, $7.4 billion for a national service program that will fund college education, $4.6 billion for work re-employment and training assistance, and $1.2 billion for apprenticeship programs. At the same time he proposes dramatic decreases in defense spending and other decreases in non-productive expenditures such as agricultural subsidies. Besides accomplishing the deficit reduction for which the President's program has been justly praised, these changes also make a meaningful start on the investments in human beings that are essential for our long-term economic security.

President Clinton has recognized that with the end of the Cold War it is possible to replace government programs driven by fear with programs that are inspired by hope. Governor Clinton became President Clinton by enunciating a vision of an America that demonstrates belief in its future by willingness to invest in that future today. During the remaining years of his Presidency there will be many events to distract him from this vision. As a guide to making the necessary choices about priorities, he needs only to remember the old country adage: "Dance with the one who brung you."

SMALL BUSINESS
LEGISLATIVE COUNCIL,
Washington, DC, May 27, 1993.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, House of Representatives, Washington DC.

DEAR MR. CHAIRMAN: On the day of this critical vote, I wish to again affirm the significance of the increase in the direct expensing provision from $10,000 to $25,000 for small business. We want to commend you and the President for championing this important revision.

As you know, the investment tax credit in the original proposal did not live up to the expectations of the small business community. Because of the many limitations imposed upon it, its effective rate was far lower than the publicized nominal rate.

The direct expensing increase from $10,000 to $25,000 is a clean, simple alternative. Many small businesses wanted it. (The small business delegates to both the 1980 and 1986 White House Conferences on Small Business made it a high priority.) Many small businesses can use it. We know some 11 million businesses took a depreciation deduction based on the last available data. Most of those businesses will be candidates for taking advantage of the $25,000 first year write-off.

We were pleased to to work with you in 1981 when you first introduced the concept of direct expending, and we are pleased to be allied with you and the President in making this dramatic improvement to the budget reconciliation bill. The President must be given credit for recognizing the need to strengthen the bill's value to small business.

I must note we are heartened by reports that the House may take further steps to rein in federal spending, particularly in entitlement programs. It surely is no secret that small business will take every dollar of spending cuts that can be wrung out of federal entitlement programs.

In the months ahead, we look for small businesses, as they lead the nation to economic recovery, to avail themselves of the full $25,000 direct expensing deduction. It would certainly be a good sign for the economy.

Sincerely,

JOHN S. SATAGAJ,
President.

AMERITECH,
Chicago, IL, May 5, 1993.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, Washington, DC.

DEAR DAN: It is my understanding that the Committee on Ways and Means will soon be addressing budget reconciliation legislation. On behalf of Ameritech, I want to applaud and encourage your efforts to achieve meaningful deficit reduction.

As a capital intensive company with a very large Federal income tax liability, Ameritech would have preferred to see capital incentive proposals, such as an Investment Tax Credit, that could achieve the goal of genuine capital formation and job creation for business. Unfortunately, the Investment Tax Credit as proposed would not help Ameritech and most large employers reach this goal. We are realistic enough to understand that a more meaningful capital incentive package is not doable at this time given the primary goal of deficit reduction.

We strongly encourage your efforts to minimize any increase in the federal corporate tax rate through the elimination of the proposed Investment Tax Credit. We look forward to working with you and other Members of Congress in passing a pro-growth reconciliation bill that will result in real deficit reduction without burdening the business community with a large increase in the corporate rate.

Sincerely,

WILLIAM L. WEISS,
Chairman and CEO.

MARS, INC.,
Chicago, IL, May 6, 1993.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, Washington, DC.

DEAR MR. CHAIRMAN: The Tax Reform Act of 1986 made a fundamental change in this country's income tax policy. President Clinton's tax package threatens to reverse that change, and that would be a serious error. I urge you to lessen the adverse effects on the overall tax increase package by holding the line on the corporate tax rate and setting aside the proposed investment credit proposals.

For decades, high tax rates were imposed on businesses while a series of special rules enabled many industries to avoid those rates by making certain investment decisions. In that environment, far too many business decisions were based on tax planning rather than on economic and financial common sense.

It is doubtful that the combination of high rates plus offsetting investment credits and other preferences were ever very beneficial to the economy overall. But the President's package clearly offers little "stimulus" for business investment. A temporary credit of seven percent on incremental investments will not make any difference to my company's investment decisions.

But a two percentage point increase in the corporate tax rate will make a difference—an adverse difference. That is a permanent rate increase which will affect the return on our past and future investments for years to come, while the investment credit will be of use only with respect to a modest amount of our investments during the next two years.

I understand that the cost of the credit proposals is about equal to the higher revenues from the rate increase. Given the limited value of the credit and the ill effects from the rate increase, the tradeoff does not seem rational. Why not delete both from the package?

Your leadership role on the 1986 legislation was critical to its enactment. I understand that you are committed to the proposition that a low rate broad-based income tax is the best way to limit the effects of taxes on business decisions. I urge you to help retain that policy by setting aside both the rate increase and the investment credit provisions in the President's package.

Sincerely,

W.B. HELLEGAS,
President.

AMERITECH,
Chicago, IL, May 24, 1993.

Hon DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, Washington, DC.

DEAR DAN: We recently joined a group of companies in commending you and your Committee for recent actions which improve the tax provisions of the reconciliation bill. We expect better economic results and better employment prospects to follow from the reported bill. We support the tax bill as restructured and reported by the Committee on Ways and Means.

We believe that deficit reduction efforts are critical to a robust economy that will allow Ameritech and other companies to compete successfully at home and abroad. We continue to applaud your hard work to achieve real deficit reduction for the country.

Sincerely,

WILLIAM L. WEISS,
Chairman and CEO.

NOTICE

Incomplete record of House proceedings. Except for concluding business which follows, today's House proceedings will be continued in the next issue of the Record.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. UNDERWOOD (at the request of Mr. GEPHARDT), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mrs. BENTLEY) to revise and extend their remarks and include extraneous material:)

Mr. SOLOMON, for 60 minutes each day, on July 1, 2, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 26, 27, 28, 29, and 30.

Mrs. MORELLA, for 60 minutes, on June 9.

Mr. FISH, for 5 minutes, today.

(The following Members (at the request of Mr. HINCHEY) to revise and extend their remarks and include extraneous material:)

Mr. BACCHUS of Florida, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes each day, on June 6, 10, and 14.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mrs. BENTLEY) and to include extraneous matter:)

Mr. LEWIS of California.
Mr. GOODLING.
Mr. CLINGER in two instances.
Mr. HASTERT in two instances.
Mr. GILLMOR in two instances.
Mr. CASTLE.
Mr. KING in two instances.
Mr. LEVY.
Mrs. JOHNSON of Connecticut.
Mr. BILIRAKIS.
Mr. RAMSTAD.
Ms. SNOWE.
Mr. GALLO.
Mr. SMITH of New Jersey.
Mr. MCCOLLUM.
Mr. BEREUTER.
Mr. THOMAS of California in two instances.
Mr. LIGHTFOOT.
Mr. FRANKS of New Jersey.
Mrs. VUCANOVICH.
Mr. HORN.
Mr. EMERSON in three instances.
Mrs. BENTLEY.
Mr. COX.

(The following Members (at the request of Mr. HINCHEY) and to include extraneous matter:)

Mr. SKELTON, in two instances.
Ms. NORTON.
Mr. BERMAN.
Mr. GEJDENSON.
Mr. STOKES.
Mr. SWETT, in two instances.
Mr. KOPETSKI.
Mr. KREIDLER.
Mr. ENGEL.
Mr. MARKEY.
Mr. HAMILTON.
Mrs. KENNELLY.
Mr. MEEHAN, in two instances.
Mrs. MEEK.
Mr. PAYNE of New Jersey.
Mr. HOYER.
Mr. SABO.
Mr. BARCIA, in four instances.
Mr. UNDERWOOD.
Mr. VENTO.
Mr. TORRES.
Mr. MURTHA.
Mr. COSTELLO.
Mr. STARK.
Mr. POMEROY.
Mr. KILDEE, in two instances.
Mr. FALEOMAVAEGA

ENROLLED BILLS SIGNED

Mr. ROSE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1723 An act to authorize the establishment of a program under which employees of the Central Intelligence Agency may be offered separation pay to separate from service voluntarily to avoid or minimize the need for